

# Prologis 2020 Sustainability Report



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# A message from our CEO



“We have demonstrated that we can grow our business while operating with integrity, taking care of our people, staying focused on our customers and doing good in our communities.”

Dear Fellow Stakeholders,

This past year was a challenging one for all of us. I am proud of all our team was able to accomplish under difficult conditions, while maintaining a strong focus on our company’s values and priorities. This includes our longstanding commitment to excellence in Environmental, Social and Governance (ESG) performance, which positioned us to innovate and grow our business in 2020 while we supported our employees, customers, communities and investors through the pandemic. We have a strong history in pushing the boundaries of what is possible—and we must go even further to meet the urgency of today’s environmental and social challenges and the growing objectives of our stakeholders.

During the pandemic, we found unique ways to make a difference and took swift action to ensure the safety and well-being of our employees and their families, such as establishing work-from-home policies, enhancing flex time and caregiver benefits and offering zero-interest loans. We are grateful for our Property Management and Maintenance teams who performed their jobs with new strict safety protocols. Our Customer Experience and Operations teams actively supported customers through regular virtual check-ins to understand needs in real time, sourcing hard-to-find PPE by leveraging our longstanding supplier relationships and creating a toolkit to guide customers through the federal Paycheck Protection Program (PPP) loan process. In our communities, we donated \$9.3 million of in-kind rent to organizations staging frontline COVID-19 response and created a \$5 million global COVID-19 relief fund for nonprofits and community-based relief organizations.

We also made progress on the Prologis 3Cs, our strategic blueprint for driving success and innovation across the organization: Customer Centricity; Change Through Innovation and Operational Excellence; and Culture & Talent. We recently announced two important new goals that demonstrate this innovative spirit and advance our ESG commitment:

- We have committed to achieving third-party certification for all new developments and redevelopments globally, which furthers our 2008 commitment to design all new buildings to specifications that align with leading sustainable building standards.
- In conjunction with our efforts to reduce carbon emissions and reach our science-based targets, we have committed to achieving 100% carbon-neutral construction globally by 2025 and will partner with our customers to decarbonize their operations through our CarbonZero program.

In 2020, we reached many other important milestones. To help address a talent shortage in the logistics industry, we expanded the Prologis Community Workforce Initiative (CWI) with an all-online, mobile-friendly version of our training curriculum, registering nearly 4,000 new participants in key communities within just two months, and we recently announced

our partnership with the Association for Supply Chain Management to create an industry certificate for individuals who complete a comprehensive professional education program. We also made progress toward the three pillars of our Inclusion & Diversity efforts—Infrastructure, Engagement and Community—through initiatives like HiPE, a rotational leadership program targeting diverse candidates.

Furthered by our SolarSmart initiative, we partnered with our customers to install 40 megawatts of new rooftop solar capacity at our warehouses, making it one of the program’s most successful years and adding to our onsite solar capacity that already ranks third among U.S. corporations. Our partnerships to install efficient LED lighting were very effective in 2020, expanding our LED coverage by nearly 50%, as we work toward complete coverage at our properties by 2025. Underpinning all of these successes, we stepped up our direct ESG engagement and outreach with customers and investors.

For all these achievements and more, influential organizations have recognized Prologis as a global ESG leader, and I am proud to share a few of those honors:

- First among sector peers in the Americas & Asia: Global Real Estate Sustainability Benchmark (GRESB).
- Twelfth year among the Corporate Knights’ Global 100 Most Sustainable Corporations.
- Top 10% of global sustainable companies recognized by the DJSI World Index 2020.
- CDP climate change disclosure A List.

Our employees have been crucial to making ESG a core part of the Prologis culture. Through their dedication and innovative spirit, we have demonstrated that we can grow our business while operating with integrity, taking care of our people, staying focused on our customers and doing good in our communities. Whether facilitating the global distribution of COVID-19 vaccines through our Space for Good program or helping our customers drive down their carbon footprints, Prologis is uniquely positioned to help advance the well-being of people and the planet. Through times of challenge as well as periods of progress, we will continue to push the boundaries of ESG performance and deliver new avenues of value for our stakeholders.

Sincerely,

Hamid R. Moghadam  
Chairman and CEO, Prologis, Inc.

## \$9.3 M

of in-kind rent donated to organizations staging frontline COVID-19 response.

# About Prologis

## Prologis, Inc. is the global leader in logistics real estate.

We develop, own and operate real estate to generate income, and many of the world’s largest companies lease our space for their logistics operations. Our properties facilitate the distribution of goods globally, including many of the products people rely on every day.

Prologis operates a variety of separate investment vehicles, including 8 private funds and 2 public co-investment vehicles—FIBRA Prologis and Nippon Prologis REIT, Inc. (NPR).

We are more than four walls and a roof. We deliver value beyond real estate.

- **Community Workforce Initiative** partners with our local communities to open and reinvigorate career pathways in the growing field of logistics.
- **Customer Experience Teams** allow us to proactively and promptly respond to our customers’ needs.
- **Prologis Essentials Marketplace** offers our customers curated products and services conveniently online and on mobile devices for quick setup and smooth operation.
- **Prologis Labs** partners with customers to test new technologies, product ideas and services in our warehouse laboratory.
- **Prologis Research** shares opportunities and trends with customers, investors and other parties.
- **Prologis Ventures** invests in innovative companies developing solutions to address our customers’ needs.

# \$2.2 T

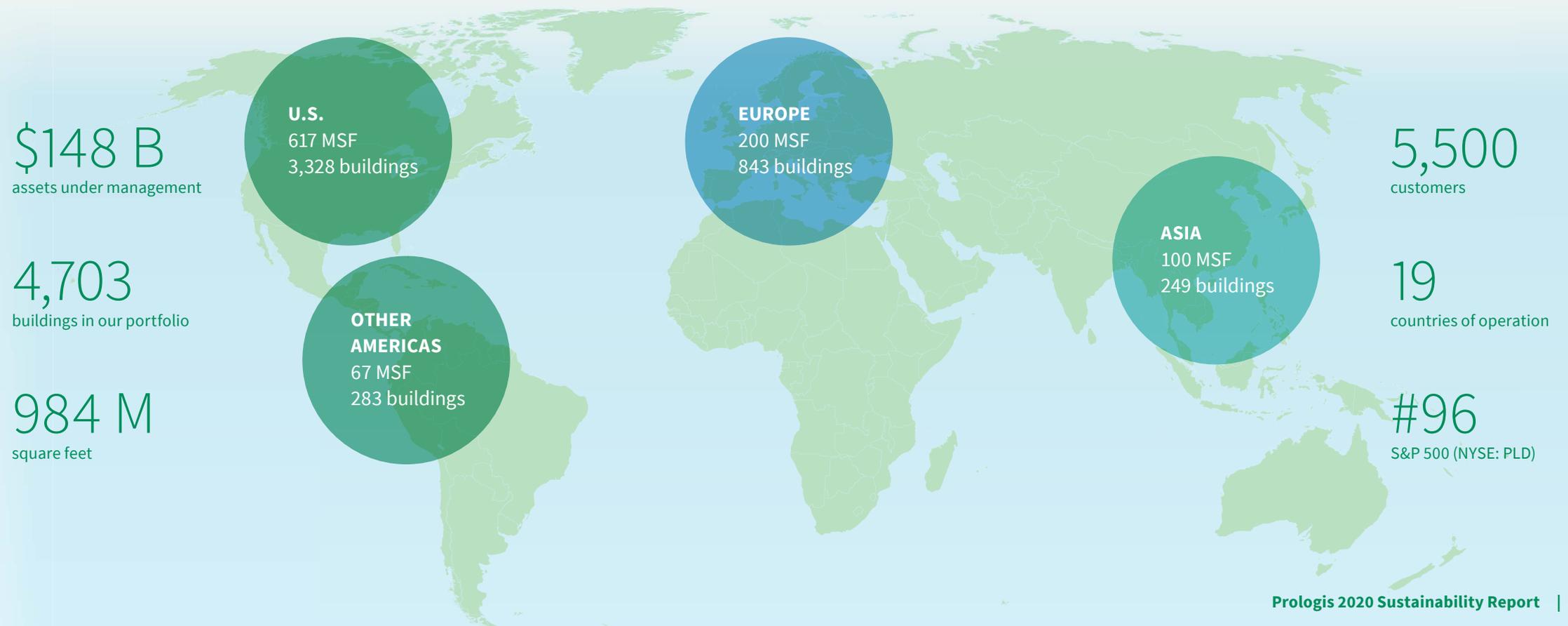
economic value of goods moves through our warehouses.\*

# 3.5%

of GDP flows through our buildings in the 19 countries where we do business.\*

# 4.4%

of global household consumption flows through our warehouses.\*



\*Source: Oxford Economics, IMF, Prologis Research as of June 30, 2020.

This report describes the significant achievements and relevant initiatives that have furthered our progress toward our ESG ambitions and targets in 2020. Unless otherwise stated, data covers the time period from January 1, 2020, through December 31, 2020.

# Responding to COVID-19

The COVID-19 pandemic has impacted every part of the world and nearly every aspect of our organization.

We have worked tirelessly to help our employees, customers and communities navigate the pandemic.

## Employees

Our investments in technology and systems infrastructure positioned us to quickly institute a work-from-home policy. We also introduced new safety measures and resources for onsite workers and made packages of essential goods available to all U.S. employees. Our leadership team increased the cadence of communications and we rolled out a suite of benefits and support to meet the evolving needs of our employees and their families, including:

- Interest free loans for employees whose spouses or family members had lost their jobs.
- COVID-19 care packages for all U.S. employees.
- Free COVID-19 testing.
- Expanded telehealth and Teladoc services, with a focus on mental health.
- Quarantine pay for employees forced to isolate.
- Monthly stipend to assist parents with childcare and homeschooling.
- Virtual ergonomic assessments of home offices.
- Virtual wellness courses, such as yoga and mindfulness.

## Customers

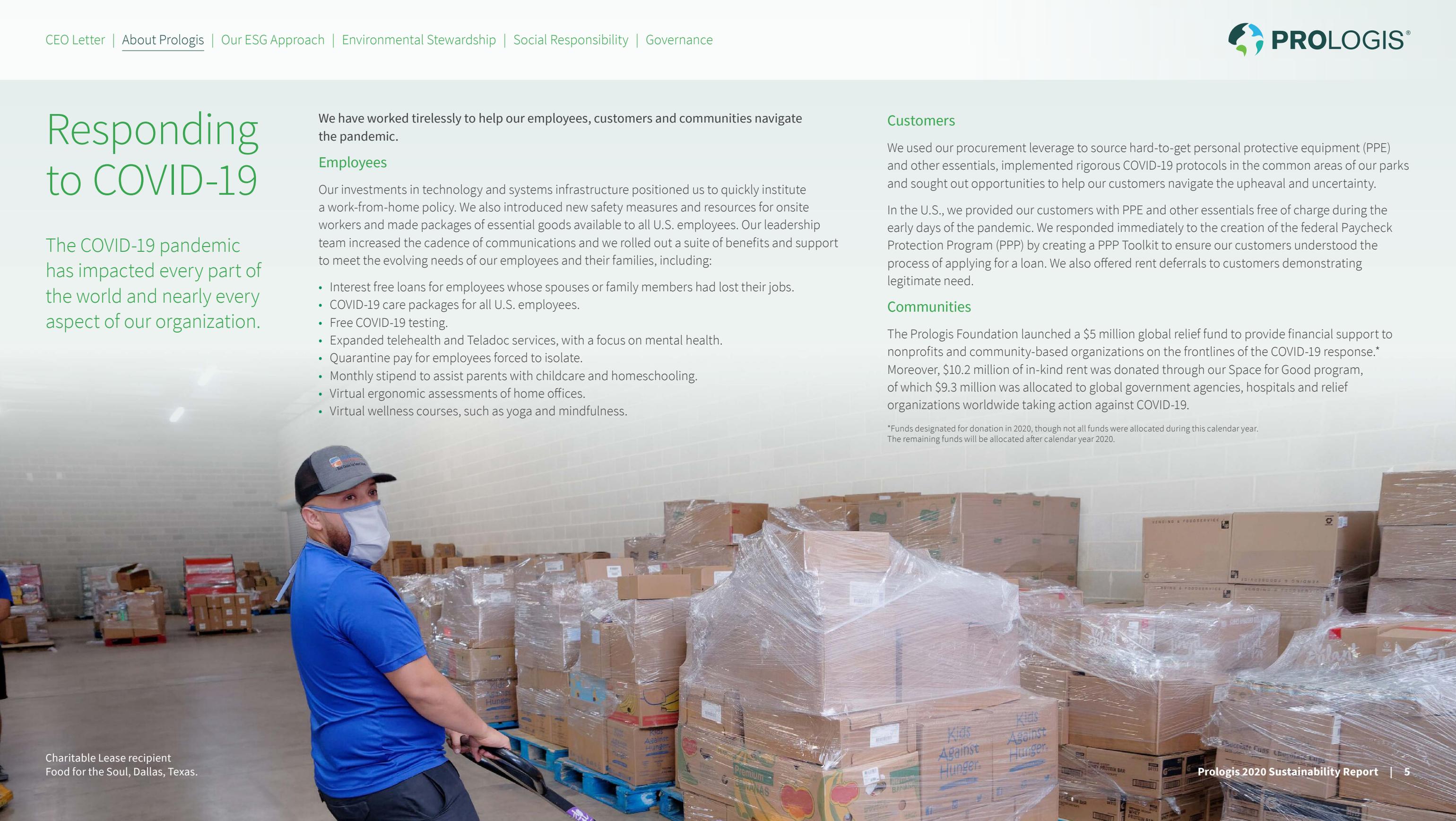
We used our procurement leverage to source hard-to-get personal protective equipment (PPE) and other essentials, implemented rigorous COVID-19 protocols in the common areas of our parks and sought out opportunities to help our customers navigate the upheaval and uncertainty.

In the U.S., we provided our customers with PPE and other essentials free of charge during the early days of the pandemic. We responded immediately to the creation of the federal Paycheck Protection Program (PPP) by creating a PPP Toolkit to ensure our customers understood the process of applying for a loan. We also offered rent deferrals to customers demonstrating legitimate need.

## Communities

The Prologis Foundation launched a \$5 million global relief fund to provide financial support to nonprofits and community-based organizations on the frontlines of the COVID-19 response.\* Moreover, \$10.2 million of in-kind rent was donated through our Space for Good program, of which \$9.3 million was allocated to global government agencies, hospitals and relief organizations worldwide taking action against COVID-19.

\*Funds designated for donation in 2020, though not all funds were allocated during this calendar year. The remaining funds will be allocated after calendar year 2020.



Charitable Lease recipient  
Food for the Soul, Dallas, Texas.

# Our ESG approach

Our leadership creates shared value.

Our longstanding commitment to ESG began with leading-edge governance dating back to our founding almost 40 years ago. Building on this foundation, our deep commitment to environmental stewardship, social responsibility and good governance (ESG) has made us a leader in our industry and beyond. The United Nations Sustainable Development Goals (U.N. SDGs) are the best shared definition of ESG priorities for the next decade, and through our actions Prologis leads meaningful progress toward many of these global challenges. For example:



**Climate action** – We catalyze the adoption of efficient and renewable technologies that drive down climate-damaging emissions.



**Industry, Innovation and Infrastructure** – We construct and operate innovative, sustainable and resilient logistics buildings.



**Decent work and economic growth** – We unlock career pathways in the logistics field and facilitate the flow of goods across the economy.

Our ESG leadership also creates value for our business in a number of ways:

- Drives innovation by focusing our attention on solving critical challenges.
- Expands our value proposition beyond real estate by addressing our customers' pain points with ESG solutions.
- Deepens our relationships with customers, employees, communities, investors and other key stakeholders.
- Attracts and retains top talent by building a strong, inclusive culture based on common values.
- Reduces our capital costs through ESG-related financing such as green bonds and sustainability-linked loans.

Prologis Oakland Global Logistics Center, Oakland, California. Photo taken under strict adherence to local COVID-19 protocols with a 3rd party COVID-19 compliance officer onsite.

# Where we focus

While our ESG activities are broad and comprehensive, we concentrate our efforts where we believe Prologis has the greatest impact and ability to drive and lead change.

## Environmental Stewardship

- Develop, manage and operate sustainable buildings.
- Reduce the carbon emissions associated with the construction and operation of our buildings.
- Minimize construction waste generated during the development of our buildings.
- Protect local watersheds and resident biodiversity.

## Social Responsibility

- Advance inclusion and diversity within our business and across the industry.
- Develop buildings that promote the health and well-being of our customers .
- Deliver a world-class employee experience for our people.
- Contribute to our local communities by unlocking employment opportunities and supporting charitable causes.

## Governance

- Ensure accountability and transparency through appropriate checks and balances and other responsible corporate governance practices.
- Ensure employees and partners consistently follow our high standards for ethical business practices.
- Mitigate risk and embed resiliency across our global operations and assets.
- Protect the health and safety of our employees, contractors and customers.

## MATERIALITY

Since 2013, we have completed a materiality assessment every two years. In our last assessment, we engaged a variety of stakeholders, including employees, customers, non-profit organizations and suppliers, to capture a variety of viewpoints. These assessments are an important check to ensure our ESG strategy and subsequent reporting remains focused on addressing the most important topics for the business and our stakeholders.

Four material topics emerged from our 2019 biennial materiality assessment:

- Emissions.
- Energy.
- Local communities.
- Indirect economic impacts.



# How we maximize impact

Our ability to push the boundaries of ESG performance stems from our focus on four high-leverage, strategic approaches.

## Business integration

ESG informs decision-making from the boardroom to all corners of our global operation. Our commitment to ESG is strengthened further by the inherent alignment with the strategic blueprint of the company, the 3Cs: Customer Centricity; Change Through Innovation and Operational Excellence; and Culture and Talent. Beyond delivering value for our business, these three imperatives also motivate ESG activities across Prologis.

## Customer-focused solutions

Aligned with our own efforts, seven of our top ten customers are pursuing progress toward the U.N. SDGs. As a sustainability leader with global reach and scale, we are ideally positioned to partner with our customers to enhance their sustainability performance, both efficiently and cost-effectively.

Our commitment to sustainable building design, energy efficiency and renewable energy all create value for our customers. Through our Community Workforce Initiative, we're able to unlock economic opportunity for our communities while engaging with our customers to address one of their biggest pain points: access to talent.

## Culture & talent

Our people have always been the driving force behind our success. They are the ones innovating new solutions, engaging with our customers, and integrating ESG considerations into the way we do business. To attract and retain the top talent, we are focused on delivering a world-class employee experience by establishing an inclusive culture—where everyone can contribute to their full potential—and supporting the health and well-being of our workforce.

## Innovation

ESG challenges offer an enormous opportunity for innovative solutions. Whether it's enabling logistics for the circular economy, exploring low-carbon construction materials and techniques or advancing technology solutions for talent challenges, the world needs new ideas to solve many of our sustainability challenges. Our size allows us to focus substantial resources on developing and scaling the next breakthrough solutions that will future-proof our assets and accelerate our progress toward a sustainable future.

# Prologis' ESG journey

Through the years, Prologis has achieved many sustainability milestones. We continue to push the frontier of sustainability performance as we develop and grow our business.

## Sustainability Milestones



### ESG PIONEERING, EARLY DAYS

### ESTABLISHING AN ESG LEGACY

### GLOBAL ESG LEADER, BUILDING THE FUTURE



## Business Milestones

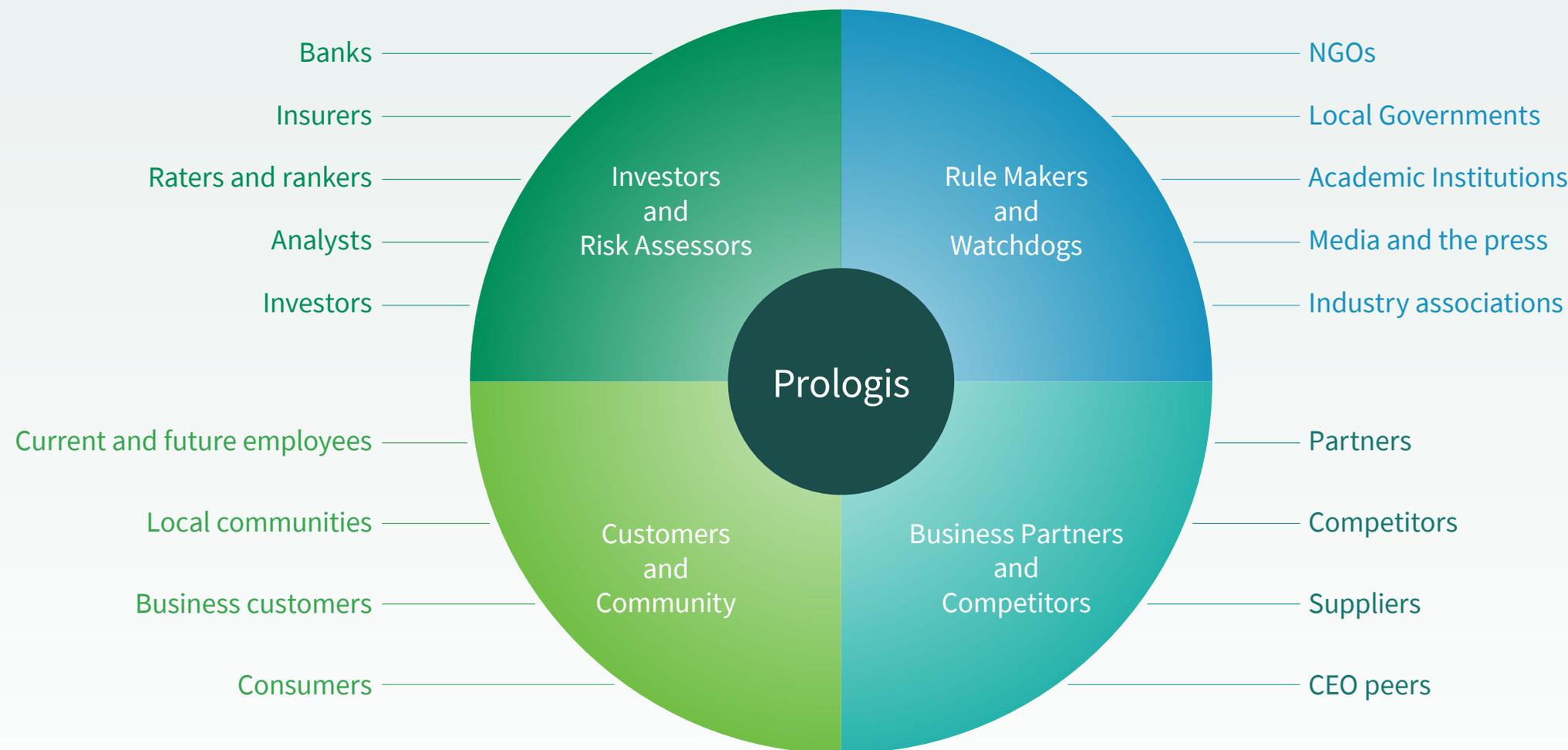
# Delivering for our stakeholders

Prologis is focused on creating shared value for both our stakeholders and our company. Through innovation and a commitment to strong, long-term relationships, we drive benefit throughout our sphere of influence.

## Four Stakeholder Groups Are Particularly Relevant for Our ESG Efforts.

- **Employees** – Fostering talent and a strong corporate culture is arguably our most important business imperative. From creating an inclusive, equitable culture and diverse workforce to learning and development opportunities and attractive benefits, we deliver a leading employee experience.
- **Customers** – Prologis is an organization that is always looking for new ways to create value for our customers, and our sustainability efforts are no different. Our ESG solutions deliver turnkey energy efficiency and renewable energy solutions and help our customers source and retain labor.

- **Communities** – We take pride in being a good neighbor and partner in communities around the world: supporting charitable organizations, volunteering during times of need and boosting local employment opportunity through efforts like our Community Workforce Initiative.
- **Investors** – Sustainability is essential to our value-creation strategy, delivering quantifiable benefits to our shareholders both today and for the long term. In addition, we continue to advance our reporting and disclosure practices to provide investors the ESG information they need.



# Goals and progress

ESG represents a long-term investment that strengthens our operations, enhances our competitive positioning, improves risk management and attracts and engages top talent. We have made significant progress toward our ESG commitments and are on track to accomplish more.

## ENVIRONMENTAL SUSTAINABILITY

SDG	GOAL/TARGET YEAR	PROGRESS
	Install 200 Megawatts (MW) of solar capacity on our buildings 2020	● Achieved in 2019
	Install 400 MW of solar capacity on our buildings 2025	● 252 MW through the end of 2020 <i>Equivalent to the energy use of 42,250 homes</i>
	100% of new development/redevelopment achieve sustainable certification Recurring annually	● New goal established We will begin reporting with 2021 performance
	Install 100% LED lighting across our entire portfolio (by area) 2025	● 42% through the end of 2020 <i>Equivalent to 4,291 soccer fields</i>
	Reduce total Scope 1 & 2 greenhouse gas (GHG) emissions by 21% (2016 baseline) 2025	● 40% increase <sup>1</sup> 2016–2020 Scope 1 & 2 only represent 0.1% of our total emissions
	Reduce total Scope 3 GHG emissions <sup>2</sup> by 15% (2016 baseline) 2025	● 37% reduction 2016–2020 Scope 3 represents 99.9% of our total emissions
	Achieve 100% carbon-neutral construction globally 2025	● New goal established We will begin reporting with 2021 performance

● Completed ● On track ● Behind schedule but have a plan to recover

## SOCIAL RESPONSIBILITY

SDG	GOAL/TARGET YEAR	PROGRESS
	Spend 75,000 hours supporting our local communities around the globe 2025	● 22,417 hours 2019–2020
	Train 25,000 participants through our Community Workforce Initiative (CWI) 2025	● 5,672 trained through the end of 2020 <i>Enough people to staff over 30 warehouses</i>

## GOVERNANCE

SDG	GOAL/TARGET YEAR	PROGRESS
	Ensure 100% of employees complete ethics training Recurring annually	● 100% in 2020

1. Scope 1 & 2 emissions combined represent only 0.1% of our total carbon emissions. The 40% increase in combined Scope 1 & 2 emissions equate to an increase of 1,106 MTCO<sub>2</sub>e which is from stationary combustion and purchased heat and steam. Meanwhile, our Scope 3 emissions have reduced by 2,200,000 MTCO<sub>2</sub>e. Between 2016 and 2020 we have achieved a 37% reduction in Scopes 1, 2 & 3 emissions. We continue to seek opportunities to drive reductions towards our science-based target.  
2. Scope 3 emissions account for 99.9% of Prologis' total Scope 1, 2 and 3 carbon footprint.

Note: We are retiring our cool roofs goal due to methodological challenges. However, we remain committed to installing cool roofs wherever they provide energy savings, and by year-end 2020, 44% of our global portfolio had cool or reflective roofing.

# Awards and recognition

Recognition for our leading ESG performance in 2020.



## DOW JONES SUSTAINABILITY INDICES

- World Index (Top 10% globally)
  - Prologis
  - Nippon Prologis REIT (NPR)
- MILA Pacific Index
  - FIBRA Prologis
- Asia Pacific Index
  - Nippon Prologis REIT (NPR)



## GRESB

- #1 Public Industrial Fund in the Americas
- #1 Private Industrial Fund in the United Kingdom
- #1 Private Industrial Fund in Brazil
- #1 Private Industrial Fund in China



## CORPORATE KNIGHTS

- Global 100 Most Sustainable Corporations



## CDP

- 2020 Climate Change A List for Prologis, NPR and FIBRA



## SEIA

- Third most onsite installed solar capacity among U.S. corporations



## INSTITUTIONAL INVESTOR

- #1 CEO, Hamid Moghadam
- #1 CFO, Tom Olinger
- #1 Investor Relations Professional, Tracy Ward
- #1 Investor Relations Team
- #1 Financially Material ESG Disclosures
- #1 Communication of Strategy and Risk Management Amid COVID-19



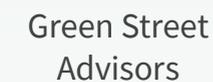
## MSCI

- AA Rating; among the top 24% of Real Estate Management & Services constituents within the ACWI Index



## NAREIT

- Industrial Leader in the Light Award for 9th consecutive year



## GREEN STREET

- 18 consecutive years as a leading REIT in corporate governance



## GREAT PLACE TO WORK

- 5th consecutive year Prologis Japan named as a Best Workplace

# Environmental Stewardship

Making rapid improvements to environmental performance is essential for meeting global challenges like climate change. It also aligns with the interests of our stakeholders. For example, our customers are looking to reduce their costs and environmental impacts by operating in modern and efficient logistics facilities. Through our commitments to innovation, sustainable building design and customer-centric solutions that unlock energy efficiency and renewable power, we drive tangible environmental benefits across our portfolio.



Prologis Park Tilburg, Tilburg, the Netherlands.

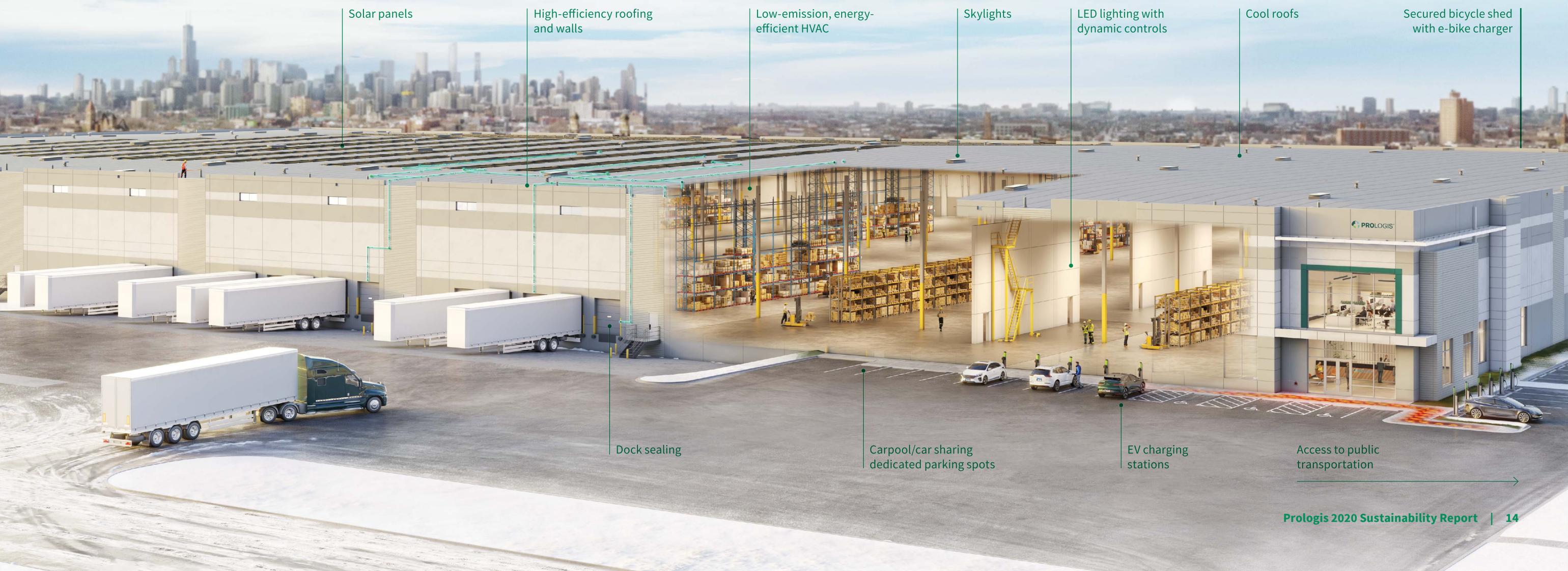
# Buildings of tomorrow, today

As the largest driver of our environmental footprint, our real estate portfolio is where we're focusing our innovative, industry-leading sustainability efforts. To stay ahead of what's next, we leverage cutting-edge building materials, techniques and technologies to construct the buildings of tomorrow, today.

Our focus on sustainable design and innovation is a key differentiator, offering our customers, communities and investors a unique value proposition in the marketplace.

We influence environmental performance throughout a building's service life by viewing the construction and renovation phases of our buildings through a sustainable lens. In turn, this enables our customers to reduce costs and provide their workforce with more comfortable and productive spaces.

Buildings are inherently long-term investments, so we do everything possible to ensure they're desirable for customers both from day one and across the decades. Our focus on sustainable building design helps us future-proof our investments while also ensuring they are resilient to the risks posed by a warming planet.



Solar panels

High-efficiency roofing and walls

Low-emission, energy-efficient HVAC

Skylights

LED lighting with dynamic controls

Cool roofs

Secured bicycle shed with e-bike charger

Dock sealing

Carpool/car sharing dedicated parking spots

EV charging stations

Access to public transportation

# Sustainable building certifications

Goal  
**100%**  
of new Prologis development and redevelopment will achieve sustainable building certification globally.\*

In 2021, Prologis committed to achieving sustainable certification for 100% of all future Prologis development and redevelopment projects globally. We pursue best-in-class sustainability standards around the world, including LEED, BREEAM, WELL, CASBEE, DGNB and HQE.

These certifications have long been a core component of our sustainable building strategy, driving sustainability in areas such as site selection and development, building materials, biodiversity, energy and water efficiency and indoor environmental quality. Since 2008, Prologis has integrated leading sustainable building standards into the design and construction of our buildings.

These buildings are desired by our customers because they create healthy work environments for their employees and help reduce carbon emissions. Understanding these benefits, our top 25 customers have chosen sustainably certified space for over half of the square footage they lease from us.

## ISO 14001

As part of our sustainability strategy, Prologis maintains a commitment to ISO 14001, an international family of standards that help organizations continually improve their environmental performance and comply with environmental laws and regulations.

Our development management activities, guided by our global Environment Management System (EMS), have been certified by DNV GL to conform with the ISO 14001:2015 standard since 2008 in the UK and Europe, 2016 in North America and 2018 in Japan. As part of this certification, Prologis team members overseeing construction must annually complete training courses and our development leadership team reviews and affirms a set of ISO objectives and targets. Our global EMS is implemented, maintained and updated in accordance with the requirements of ISO 14001:2015, which enumerate the elements of an effective EMS.

## OUR SUSTAINABLE BUILDING CERTIFICATIONS



BREEAM®

CASBEE®†



HQE®



Number of facilities with certification	235	160	44	19	2	2	17	7	3
Total Space Prologis has achieved sustainable certification (MSF)	80.9	43.1	34.8	7.2	0.7	0.6	3.6	6.7	1.3

\*Commitment includes all countries of operations except China, where we are currently looking to expand coverage.

†CASBEE® is a registered trademark of the Institute for Building Environment and Energy Conservation. Use of the logo is based on the license approval provided by CASBEE®.

# Spotlight on LEED

## \$24 million

saved since 2014 compared to average industry costs for non-Volume certification.

Our strategic focus on green construction and our ability to plan and deliver projects at scale led us to engage in the LEED Volume Program in 2014, the first warehouse developer to join.

Open to companies able to provide a conceptual framework governing common green design features across a group of projects, the program streamlines the certification process, providing both competitive advantage and cost savings. We recently renewed our participation in this program, which to date has saved Prologis approximately \$24 million since 2014 (compared to average industry costs for non-Volume certification). In 2021, we became the first developer in the U.S. with a LEED Volume Program for Core & Shell under V4 of LEED.

At times, Prologis also pursues green certification of ongoing practices. In Brazil, our Cajamar II facility is pursuing LEED-EB:O&M (existing buildings, operations and maintenance) certification of practices in common areas of the logistics park, including grounds maintenance, pest control, green cleaning, waste control, water efficiency and energy performance.

### CASE STUDY—PROLOGIS BRAZIL EARNS LEED PLATINUM

In 2021, Prologis' Dutra RJ Building 100 in Rio de Janeiro, Brazil, achieved LEED Platinum certification by incorporating leading green features such as:

- Excellent location close to services, amenities and transportation.
- More than 95% of the construction waste was reused or recycled.
- Cool roof and light-colored paving to reduce heat island effect.
- Low-VOC materials improve indoor air quality.
- Onsite solar-generating capacity.
- Water-efficient landscaping that uses natural rainfall for irrigation.



Prologis Park Dutra RJ, Rio de Janeiro, Brazil.

# Innovation

Prologis is an innovation leader, pushing constant research and investment to stay ahead of what's next. Our efforts keep us at the vanguard both within, and beyond, our industry and propel environmental advancements that have made us one of the world's most sustainable companies.

By adopting and advancing cutting-edge sustainable technologies, materials, building techniques and operational strategies across our global operations, we offer unique value to our customers, build resilience and future-proof our business.

## Smart Buildings of the Future

Prologis Smart Buildings set a new standard for warehousing and logistics, streamlining our customers' operations from day one and optimizing productivity as they grow. Each building comes with scalable, customizable IT infrastructure, including internet, a fully tested fiber optic cable infrastructure and power installed at the truss level. This infrastructure enables a suite of add-on devices and services like WiFi, security cameras and handheld scanners that allow our customers to quickly scale out a technology platform to meet current and future demands in data analytics, automation and robotics.

From a sustainability perspective, our Smart Buildings make use of a durable fiber optic cable infrastructure that typically lasts more than 20 years and can be reused over multiple leases and tenants and eliminates the need for the customer to remove the cabled infrastructure at the end of their lease. When compared with traditional copper cable, fiber optic technology requires less power to run, reducing energy consumption for the customer.

By anticipating our customers' needs and providing efficient and cost-effective turnkey solutions, our Smart Buildings enable operational excellence today and tomorrow.

## CASE STUDY—EINDHOVEN, NETHERLANDS

When our DC4 building in Eindhoven, Netherlands, came online in 2020, it fulfilled our ambition to create warehousing for the post-carbon future, combining green energy and efficiency innovations with a people-centric design, set in a landscape that strengthens well-being and promotes biodiversity.

Built for efficiency, with high-grade insulation, triple-pane windows, electric heat pumps for heating and cooling, and Smart Building controls, DC4 requires no fossil fuels and produces zero emissions. In fact, DC4 will be a net energy producer, with a rooftop 2.9 MW solar system that generates more energy than the building requires. Photovoltaic panels will be installed on the roof during May and June 2021 and should be fully operational by August.



Prologis Park Eindhoven, Eindhoven, the Netherlands.

# Example innovations

Across our global operations we're exploring innovative solutions to drive down the environmental impacts of our buildings.

## Global

- **Low-carbon building materials** – Products and techniques that reduce the embodied carbon footprint of some typically carbon-intensive materials and components. We plan to begin incorporating low-carbon alternative materials into future developments.

## Japan

- **Unified LED/motion sensor solution** – Motion sensors switch energy-efficient LED lighting on and off as workers move through the space, resulting in a 53% power reduction from conventional LEDs and capturing data on how the space is being used.

## France

- **Borehole thermal energy storage** – Stores heat underground during warm months and pumps it back into the building during winter months to meet heating demands.
- **Dynamic energy simulation** – Evaluates a building's total intrinsic characteristics and manner of operation/occupancy to enable energy optimization, GHG footprint reduction and evaluation of future operating expenses.

## Netherlands

- **Electric heat pumps** – Uses electricity to move ambient heat energy into or out of a building's interior, enabling HVAC systems to operate without burning fossil fuels.
- **Circular building design** – Buildings designed to incorporate recycled/recyclable materials and to be easily disassembled at end-of-life and repurposed to a new application.



Unified LED installation, Prologis Park Tsukuba, Ibaraki, Japan.



Prologis Park Waalwijk, Waalwijk, the Netherlands.

# Incubators for innovation

Innovating at scale means investing time and capital to grow an idea from seed to solution. Over the past five years, we've propelled sustainable innovations in logistics real estate through two unique functions: Prologis Ventures and Prologis Labs.

Prologis Ventures is our venture capital arm, investing in Series A through Growth Stage companies focused on solving our customers' most critical needs in the logistics space. Prologis Ventures views sustainability as a key value-creation opportunity, seeing potential in solar, battery storage, smart meters, EV charging and other technologies that drive environmental and social benefit.

## CASE STUDY—TROVE ENABLES LOGISTICS FOR THE CIRCULAR ECONOMY

Circular business models could revolutionize tomorrow's economy, but logistical challenges of recovering and processing materials at their end-of-use are creating roadblocks. To be at the cutting edge of circular logistics solutions, Prologis Ventures invested in Trove, an innovative business that provides major brands with a technology and logistics platform that facilitates reclamation and resale of used consumer items. Their systems identify branded items, undertake cleaning and repairs, then photograph, authenticate, grade and price the items for resale and shipment to customers, making the circular economy a reality today.



Recommerce at Trove, South San Francisco, California.

# Incubators for innovation

(continued)

**Prologis Labs** is our innovation incubator, a sandbox environment for testing new technologies, product ideas and service offerings. Our primary lab, located in San Leandro, California, offers a flexible, high-ceilinged space that models a working logistics center and can be configured for experiments across five focus categories: digital warehouse and supply chain, next-generation warehouse, transportation, urban fulfillment and labor and well-being. In the lab, ideas and projects from employees, Prologis Ventures, and our customers can be tested and refined, delivering insights, sustainable solutions and potential business opportunities for Prologis.



## SMART PUMP ROOM KITS

Smart Pump Room Kits are a package of sensors that can be easily installed on water pump infrastructure to collect and transmit data on temperature, pump activity (vibration) and water leaks. Developed and piloted at Prologis Labs, these kits provide a way to virtually monitor the operation and status of a building's water systems, eliminating the need to send in-person technical staff for routine monitoring. Initial deployment furthered our water conservation efforts via leak detection and lowered emissions from technician travel, so we've rolled them out to 75 additional buildings in the U.S. and plan to extend deployment in the U.S. and Europe in the coming months.



# Climate, carbon & energy

Avoiding the worst impacts of climate change will require urgent action by industries, governments and individuals over both the short and long term. We are continuing to lead the transition to a low-carbon logistics industry by demonstrating how logistics and real estate can drive climate solutions.

In line with scientific consensus on the steps necessary to limit global temperature rise, in 2018 we set goals to reduce the greenhouse gas (GHG) emissions of our own operations and those emanating from our value chain. These goals have been validated by the Science-Based Targets initiative.

- We will reduce absolute Scope 1 and 2 GHG emissions 21% by 2025 and 56% by 2040 from a 2016 base year.
- We will reduce absolute Scope 3 GHG emissions 15% by 2025 and 40% by 2040 from a 2016 base year.

While we have the most direct control over our Scope 1 and Scope 2 emissions, to date the majority of our focus has been on reducing emissions from downstream leased assets (Scope 3), due to the sheer size of the potential impact. By undertaking these ambitious efforts, we are not only reducing our own footprint, but also helping our customers achieve their own carbon reduction goals.

## PROLOGIS CARBON FOOTPRINT (SCOPES 1, 2 & 3)



# 99.9%

of Prologis' carbon footprint is Scope 3 emissions.

**Scope 1**  
Direct emissions from our own operations account for only 0.085% of the footprint.

**Scope 2**  
Thanks to our purchase of renewable energy credits (RECs) only 0.017% of the footprint comes from Scope 2 emissions.

**Scope 3**  
(all green boxes)  
Emissions outside our own operations account for 99.9% of total emissions.

# Our progress

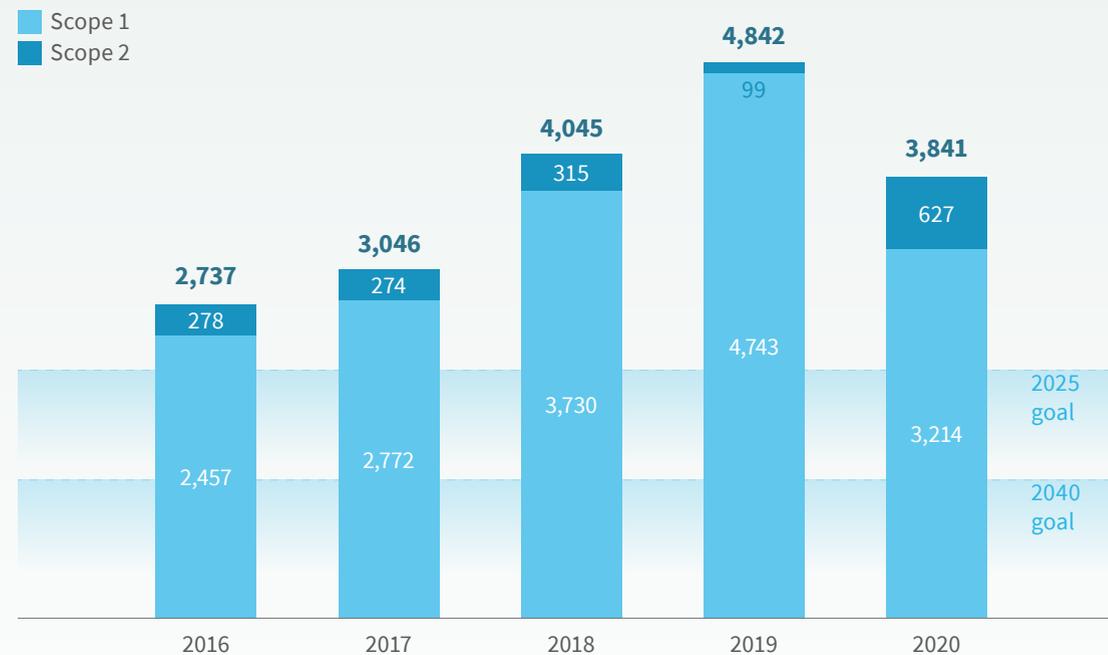
In 2020, Prologis made significant progress reducing our greenhouse gas emissions, both across our own operations (Scope 1 & 2) as well as within our value chain (Scope 3).

While it is important to note that the pandemic caused major shifts across the global economy that have impacted our 2020 footprint, our efforts to drive energy efficiency and increase the use of renewable energy are also contributing to these results.

In 2020, we achieved a 21% reduction in our Scope 1 & 2 footprint compared to 2019, although this represents a 40% increase compared to our 2016 baseline due to the growth of our business in the intervening years. The 2020 reduction was largely driven by a 54% decline in emissions from our vehicle fleet. As the largest driver of our operational footprint, we will continue to explore opportunities to further drive down mobile combustion emissions.

## SCOPE 1 & 2 EMISSIONS

Metric tons of carbon dioxide equivalent (MTCO<sub>2</sub>e)



# 37%

reduction in Scope 3 emissions compared to our 2016 baseline, far exceeding our 15% reduction by 2025 target.

# 28%

reduction in Scope 3 emissions from 2019 to 2020.

# 21%

reduction in our Scope 1 & 2 emissions from 2019 to 2020.

Our Scope 3 emissions reduced by 28% from 2019 to 2020, driven by a 38% reduction in downstream leased assets, despite a simultaneous 10% increase in total warehouse square footage. This brings our total Scope 3 reduction to 37% against our SBT baseline year, far exceeding our 15% reduction target. In the coming years, we will look to fortify and further grow our reductions through the continued rollout of LED lighting, cool roofs, sustainable building standards and other approaches.

For additional GHG emissions metrics and our Greenhouse Gas Verification statement, follow this [link](#) to our 2020 Data and Disclosures Microsite.

## SCOPE 3 EMISSIONS

millions, MTCO<sub>2</sub>e



# Prologis' approach to carbon management

Across our operations and real estate portfolio, we're responding to climate change and the imperative to minimize our emissions with a three-part approach of measuring our impact, reducing emissions wherever possible and investing in new technologies and offsets for emissions that, today, cannot be avoided. We tailor these activities to ensure they help our customers with their own carbon management efforts.

## Measure

Consolidating a clear snapshot of our current state and progress is a critical first step in pursuing our GHG reduction aspirations. We've developed a robust approach to measure the Scope 1 and 2 emissions from our ongoing operations as well as our indirect Scope 3 emissions from our value chain. We work continuously to improve the coverage and quality of data we collect, especially for customer energy use in our logistics buildings. This gives us the ability to help identify and solve our customers' sustainability concerns, as well as better inform our own reduction efforts and track progress against our goals.

Our UK colleagues have done innovative work to measure the Scope 3 embodied carbon of building materials and construction through detailed life-cycle assessments (LCA) of 57 buildings that we've designed and constructed in the UK since 2008. These LCAs analyze the embodied carbon from resource extraction to manufacturing and installation, to the eventual end-of-life deconstruction and disposal. The data we collect allows us to gauge the success of our green construction and operational practices while measuring unavoidable carbon emissions.

## Reduce

Our efforts to reduce carbon emissions in our value chain are far-reaching and diverse. We take a customer-centric approach throughout a building's life cycle, considering energy efficiency and low-carbon materials in the original design, while also engaging with and enabling customers to further reduce emissions as new technologies and opportunities become available.

At the core of our carbon reduction efforts is our commitment to building projects that meet or exceed the requirements of sustainable building certification through standards such as LEED, BREEAM, WELL, CASBEE, DGNB and HQE. We also always follow our ISO14001:2015 Environmental Management System during the construction process to drive improved environmental performance.

We drive meaningful carbon reductions across our portfolio by operationalizing a range of technologies, including rooftop solar, Smart Building systems, cool roofs, electric vehicle charging stations and smart LED lighting. These activities are described in greater detail elsewhere in this report.

## Invest

We are investing in carbon reduction breakthroughs that will help us further reduce our emissions and address climate change. We're also investing in high-quality renewable energy credits (RECs) and offsets to neutralize the carbon emissions from our own operations and construction that cannot currently be reduced, while simultaneously benefiting local communities. Prologis is also building a pathway for our customers to achieve carbon neutrality for their logistics facilities.

# Investing to protect the climate

Goal

# 100%

carbon-neutral construction globally by 2025.

With our newly announced goal to achieve carbon-neutral construction by 2025, Prologis is taking a leadership role in addressing one of the largest sources of global carbon emissions: the embodied carbon of buildings. Approximately 11% of global emissions are associated with embodied carbon in construction. As such, Prologis is tackling the significant emissions associated with the full life cycle of our buildings, from extraction of raw materials through processing, manufacture, transport and installation of building materials onsite.

To achieve this ambition, we are employing innovative smart design strategies, making investments in new building technologies and materials, utilizing recycled materials, minimizing construction waste and recycling or repurposing waste that cannot be avoided. Beyond these strategies, we will meet our carbon neutrality commitment through the purchase of high-quality, certified carbon offsets for all of the remaining embodied carbon associated with Prologis' building construction.

Through these efforts, we aim to catalyze and inspire other companies to achieve carbon neutral construction as well.

## Customer-Centric CarbonZero Program

Prologis already works closely with its customers to implement efficiency improvements and install onsite renewable energy with no upfront costs. With CarbonZero, we will make it easy for customers to operate a carbon-neutral building. Building on our carbon-neutral construction

commitment, Prologis will help our customers address the remaining GHG emissions from operations by offering a simplified purchasing program from a portfolio of carefully vetted, high-quality carbon offsets and renewable energy credits (RECs) from leading providers. When a customer leases a Prologis facility and uses the CarbonZero program, it joins forces with us to reduce its GHG emissions and contribute to a cleaner, healthier world.

Just south of Paris, our new Moissy 2 logistics facility will be our first carbon-neutral warehouse, avoiding, reducing and compensating 100% of construction, operations and maintenance impacts throughout the building's life cycle. Built with no gas connection, the building will rely on design efficiencies, rooftop solar, purchased green energy and borehole thermal energy storage for heating, cooling and power. Annually, these innovations will save 150,000 MTCO<sub>2</sub>e.

## PROLOGIS AND COOL EARTH: GOING BEYOND TO PROTECT RAINFORESTS

In the U.K. we partner with the international charity Cool Earth to fund the protection of rainforest lands equivalent to five times the unavoidable embodied carbon emissions associated with constructing our buildings. Put simply, whatever the built area of our properties in square meters, we help Cool Earth protect 31 times as much rainforest. As of June 2020, our twelve-year partnership with Cool Earth has expanded beyond the U.K. to encompass all new Prologis buildings across Europe.

# Renewable energy

Goal

## 400 MW

of solar capacity across our building portfolio installed by 2025.

## 80%

of our customers' electricity needs typically provided by the renewable energy from SolarSmart installations.

Our efforts to date have positioned Prologis as a global leader in renewable energy and energy efficiency. Enabled by our deep experience and global reach, we offer customers turnkey solutions to enhance the energy performance of their logistics operations.

### Solar Energy

Prologis' rooftop solar installations are a brand differentiator and place us third for onsite solar capacity among U.S. companies according to the Solar Energy Industries Association's (SEIA) 2019 Solar Means Business report. In 2020, we installed 40 MW of additional capacity for a total of 252 MW globally, enough to power 42,249 average homes.

These solar projects play an important role in reducing GHG emissions by bringing clean energy to our power grids while transforming previously underused rooftop acreage to a sustainable resource.

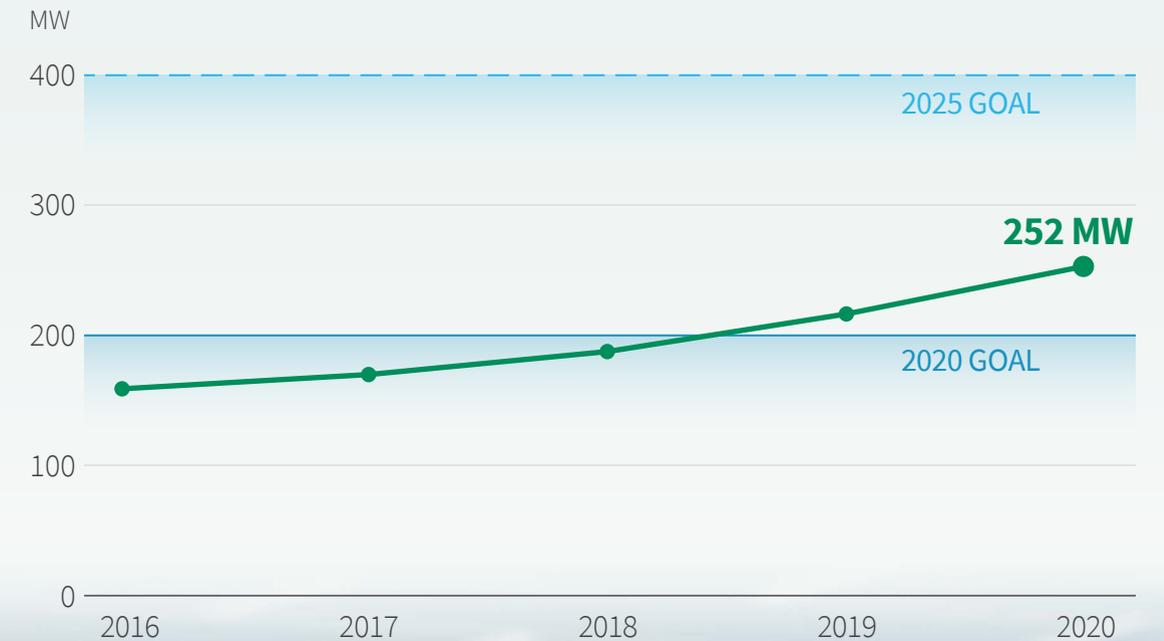
Our SolarSmart solution, part of our turnkey Prologis Essentials services portfolio, helps our customers access the financial, operational and sustainability benefits of solar without upfront capital costs or long-term financial commitments. Launched in 2020, SolarSmart leaves customers free to focus on their business while we build, operate and maintain the rooftop solar system.

Customers pay only for the energy they use, at or below local utility cost, and the solar agreement terminates with the property lease. This program has made solar so easy for customers that, since its rollout in June 2020, we have already had customers sign up for 31 MW of new solar projects. It's a great example of shared value for us, our customers and the planet, made possible through our experience, scale and core business strength.

### Renewable Energy Procurement

Beyond the solar generating capacity on our rooftops, Prologis seeks opportunities worldwide to power our logistics buildings and parks sustainably, through purchases of renewable energy. This both reduces our Scope 3 footprint and cuts our customers' Scope 2 emissions, helping them to meet their own sustainability objectives. In Brazil, our Queimados facility is powered by 100% purchased renewable energy, further enhancing its sustainability attributes for our customers, and we are looking to expand this practice to our other Brazilian properties. Across our Poland portfolio, we will be using 80% green-certified energy for calendar year 2021.

### GROWTH OF SOLAR CAPACITY



# Energy efficiency

Goal

## 100%

LED lighting installed across our entire portfolio by 2025.

Progress

## 42%

of the lighting at our properties (by area) was LED by the end of 2020.

Adoption

## 90%

of our top ten customers participate in this program.

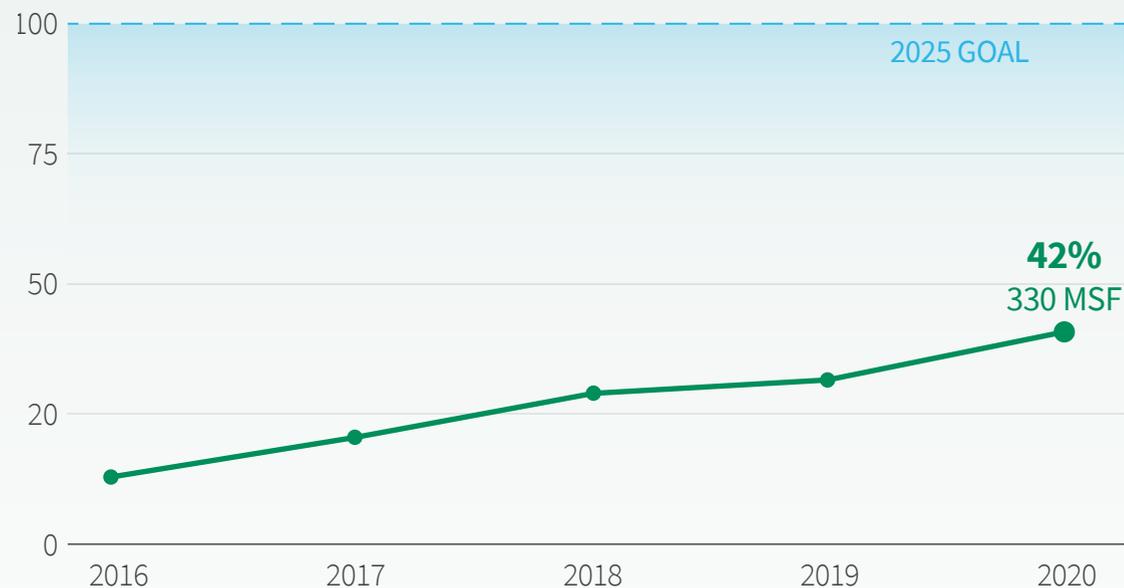
### LED Lighting

Lighting is a consistent and significant source of energy consumption at our properties. We are focused on facilitating the transition to LED technology, which can cut consumption between 60-80% compared to other warehouse lighting types.

Our Prologis Essentials LED solution offers our customers an opportunity to upgrade to LED without disruption to business operations and with no up-front capital or ongoing maintenance costs. Instead, they pay only one cent per square foot in monthly fees for five years. With our global commercial program, leveraging our scale and expertise, Prologis can provide best-in-class solutions with lower costs to our customers. Customers retain 100% of the energy cost savings and often benefit from gains in safety, productivity and employee satisfaction.

### LED LIGHTING INSTALLED

% of portfolio



### Cool Roofing

In certain climates, installing white or reflective surfaces on roofs can reduce the building's energy consumption by reflecting more sunlight, which reduces the absorption and emanation of heat. Benefits include lower indoor temperatures and greater comfort for our customers and their employees, reduced HVAC costs, reduced cost of roof maintenance and replacement and a reduction in the urban heat island effect.

Prologis sees cool roofs as an important design approach and is committed to maintaining and installing cool roofs at appropriate properties. By year-end 2020, 44% of our global portfolio had cool or reflective roofing, based on area.



Prologis Apodaca building team members, Apodaca, Mexico. Photo taken before the COVID-19 pandemic.

# Smart siting for transport efficiency

In our customers' logistics operations, a large source of emissions comes from transportation—particularly last-mile delivery. To help our customers unlock efficiencies in last-mile delivery networks, Prologis is committed to a strategic focus on developing and acquiring infill sites close to urban cores. Today, more than half the buildings in our global portfolio are sited in urban-core locations to optimize last-touch delivery to consumers. Especially for e-commerce companies, this location strategy shortens delivery routes, cuts delivery time and reduces supply chain-related emissions. Additional sustainability benefits from this type of urban site development include reclamation of abandoned or brownfield land, remediation of legacy environmental contamination and local infrastructure enhancement and economic development.

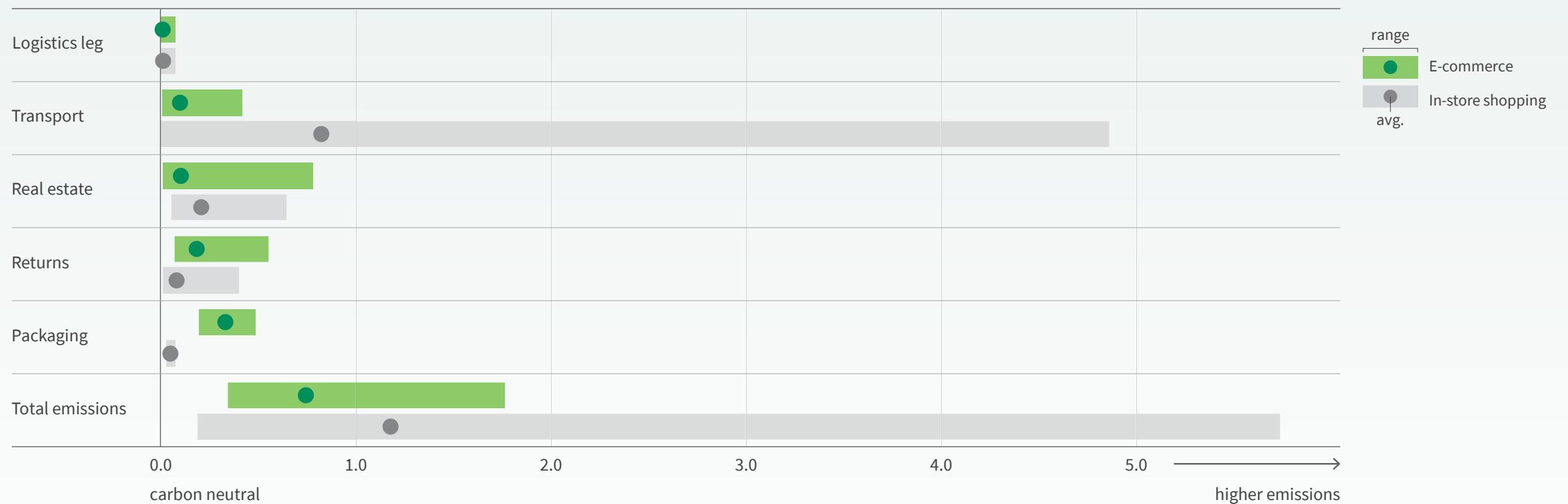
## GREENER RETAIL THROUGH E-COMMERCE

A 2021 study by the MIT Real Estate Innovation Lab reveals that online shopping and home delivery from urban-core fulfillment centers holds substantial environmental advantages over traditional brick-and-mortar retail:

- 36% fewer overall GHG emissions.<sup>1</sup>
- 50% fewer transport-related emissions.<sup>2</sup>
- 10% reduction in carbon footprint per package.<sup>3</sup>
- 100 car trips replaced by one standard delivery van.



## EMISSIONS BY SOURCE, E-COMMERCE VS. IN-STORE SHOPPING



1. E-commerce compared to in-store.  
 2. Built-out network, including urban-core fulfillment, compared to out-of-town distribution.  
 3. Via urban-core fulfillment distribution.

# Waste reduction and water management

## Circular Building Design

Furthering the activation of circular business models is a critical next step in sustainability, favoring reuse over waste. This includes incorporating recycled or reclaimed building elements into new construction and designing buildings with decommissioning in mind, so that the materials and components can be repurposed for a second life.

Prologis has begun incorporating circular design principles into our new construction in the Netherlands. These efforts reduce waste and material consumption of our buildings while also addressing the emissions associated with embodied carbon. We have developed a “circular toolbox” information repository for systemically deploying circular concepts, practices and methods to guide future Prologis warehouse construction.

We’ve also created a digital material passport that catalogues all the materials and components used in a new building in conjunction with the schematics to make it easier to pinpoint and identify items of value that can be captured for potential reuse at the building’s end-of-life.

## Reducing Construction Waste

All Prologis building projects operate under strict waste-reduction guidelines that assure compliance with sustainability building certification frameworks such as LEED and BREEAM and our own circular design goals. We consider waste implications during the design process for new construction and we seek to use standardized sizes that minimize the need to cut and waste material. Whenever possible, we reduce embodied carbon by using recycled materials or materials that contain a high level of recycled content and we reduce transportation-related emissions by sourcing 25–30% of building materials locally. During construction, we set up dedicated areas for collecting and storing recyclable materials to divert waste from landfills, and we collect data on waste generated and diverted.

## Water Management

Even though logistics facilities typically have a lower water footprint compared to other types of buildings, we’ve adopted various sustainable water management practices and technologies to minimize water use and the impact of our assets on water quality. All our water-related actions are project-specific, taking into account the site’s soil conditions, rainfall patterns, topography and infrastructure.

One of our most important water considerations is ensuring proper runoff controls from our developments to protect local waterways. We design retention and detention systems that ensure the site’s water discharge rate does not exceed its pre-development rate. In many cases, we are able to reduce water discharge below the pre-development rate.

Inside our buildings, we install low-flow toilets and motion-activated faucets to reduce consumption. Outside, we landscape using native plants that are adapted to the local climate and require limited additional watering. Many of our buildings also capture rainwater that is used when irrigation is required. We continually monitor the evolution of water-management technologies, seeking to pass cost savings on to our customers.

### **BUILDING CASE STUDY—WAALWIJK DC3, NETHERLANDS**

In May 2020, Prologis took a major step toward circularity with delivery of the new 26,000 square meter Prologis Park Waalwijk DC3 distribution center in the Netherlands. Built to BREEAM and WELL standards inside and out, Waalwijk DC3 comprises approximately 30% overall circular, bio-based or cradle-to-cradle (C2C) materials. This percentage increases to 80% in the office spaces and all materials are catalogued in a digital materials passport to facilitate future reuse.

# Biodiversity protection and brownfield enhancement

Our buildings are designed to be sustainable, provide a healthy place for people to work and follow construction, landscaping and maintenance practices. All of our new developments are subject to rigorous environmental permitting processes, including evaluation of sensitive habitats and protected species, and we adhere to local codes and guidelines governing biodiversity.

Wherever possible, we incorporate native plants in our landscaping to support native wildlife, and our focus on urban-core infill development promotes environmental health and biodiversity by cleaning up potentially harmful legacy contaminants in the soil and water.

We continuously seek innovative ways to promote biodiversity globally. Our newly expanded partnership with the climate change charity Cool Earth links all future Prologis building developments in Europe with ecosystem protections. For each facility we build, we will provide funding to Cool Earth to protect an area of rainforest in Papua New Guinea and Peru—31 times the

size of our facility's physical footprint. In addition to being one of the world's most viable options for sequestering carbon emissions, these protected rainforests are home to over six million species of animals and plants, plus many others that remain undiscovered.

## CASE STUDY—BEEODIVERSITY, FRANCE

In France, some of our sites maintain working beehives in their green spaces, supporting bee populations large enough to yield 600 jars of honey annually. Beyond directly hosting these critical pollinators, we are partnering with BeeOdiversity to complete a DNA analysis of the pollen collected by the bees, through which we measure local pollutants, understand the environmental health of ecosystems inside and surrounding our parks, and gain insight into action plans to enhance these local ecosystems.



Beeodiversity in practice at Prologis Park Moissy, Moissy-Craymayel, France.

# Activating our green building strategy

We have set a bold agenda, with sustainability at the heart of our business, delivering long-term value to our customers, our company and the planet. Green bonds and green leases are two key enablers of this plan.

## \$2.5 B

in green bonds globally raised in 2020.

### Sustainable Financing

To fund projects that enhance sustainability and drive overall environmental benefit, Prologis and its funds in Europe, Japan, Mexico, and the U.S. have issued over a dozen green bonds more than the past three years, leveraging the strength of our sustainable building program to tap into green financing and attract environmentally conscious investors.

In 2020, we raised more than \$2.5 billion in green bonds globally at a weighted average rate of 1.53%, funding our green projects at some of the tightest credit spreads in the market. In late 2020, we issued a \$375 million green bond in Mexico that broke new ground in attracting local investors for an offering of this size in U.S. dollars. Use and management of green bond proceeds, project evaluation and selection, management of proceeds and reporting are all guided by the Prologis Green Bond Framework, which received a supporting Second Party Opinion from Sustainalytics.

Additionally, when Prologis recast and upsized our global line of credit in 2019, we were the first U.S. REIT to launch a sustainability-linked revolver that includes a mechanism that reduces the

borrowing spread when certain sustainability benchmarks are achieved. FIBRA Prologis was the first publicly traded real estate company in Mexico to also include a sustainability-linked feature when recasting its revolver in April 2021. Further, in the first half of 2021, both USLF and FIBRA Prologis were the first real estate funds in their markets to issue green private placements.

### Green Leasing

Including green lease language in the Prologis Clear Lease® enhances Prologis' ability to gather customer energy use data, helping us to better understand our Scope 3 footprint and identify sustainability solutions that we can deliver for our customers. These lease terms also protect our ability to implement solar energy on our rooftops and other sustainable programs that can foster collaborative partnerships to advance mutual ESG efforts with our customers. In 2020, Prologis maintained its Gold-level Green Lease Leader ranking from the Institute for Market Transformation and the U.S. Department of Energy's Better Buildings Alliance.

### PROLOGIS GREEN BONDS

PROLOGIS ISSUER	GUARANTOR	SETTLEMENT DATE	MATURITY DATE	VALUE	RATE
Prologis International Funding II S.A	Prologis European Logistics Fund, FCP-FIS	March 15, 2018	March 15, 2028	€300,000,000	1.750%
Nippon Prologis REIT	Nippon Prologis REIT	August 17, 2018	August 17, 2028	¥6,000,000,000	0.660%
Prologis International Funding II S.A	Prologis European Logistics Fund, FCP-FIS	November 14, 2018	November 14, 2030	€300,000,000	2.375%
Prologis International Funding II S.A	Prologis European Logistics Fund, FCP-FIS	July 9, 2019	July 9, 2029	€450,000,000	0.875%
Prologis Euro Finance LLC	Prologis, L.P.	February 6, 2020	February 6, 2028	€550,000,000	0.375%
Nippon Prologis REIT	Nippon Prologis REIT	April 17, 2020	April 17, 2040	¥5,000,000,000	0.900%
Nippon Prologis REIT	Nippon Prologis REIT	April 17, 2020	April 15, 2050	¥5,000,000,000	1.000%
Prologis International Funding II S.A	Prologis European Logistics Fund, FCP-FIS	June 17, 2020	June 17, 2032	€500,000,000	1.625%
Prologis Yen Finance LLC	Prologis, L.P.	June 24, 2020	June 24, 2030	¥5,300,000,000	0.850%
Prologis Yen Finance LLC	Prologis, L.P.	June 24, 2020	June 22, 2035	¥13,000,000,000	1.222%
Prologis, L.P.	Prologis, L.P.	August 20, 2020	October 15, 2030	\$750,000,000	1.250%
Fibra Prologis	Fibra Prologis	December 8, 2020	November 28, 2028	\$125,000,000	4.120%
Fibra Prologis	Fibra Prologis	December 8, 2020	November 26, 2030	\$125,000,000	4.120%
Fibra Prologis	Fibra Prologis	December 8, 2020	November 23, 2032	\$125,000,000	4.120%

# Social Responsibility

Our stakeholders are fundamental partners in our business' success. To grow long-term value we develop deep relationships and advance the interest of our stakeholders. This means creating an environment where our employees can reach their full potential, where our products and services create unique value for customers and where we advance economic opportunity and well-being in our communities. Prologis works hard to earn trust, build goodwill and create shared value so that we all move forward together.



- Amsterdam • Atlanta • Barcelona • Beijing
- Boston • Bratislava • Budapest • Chennai
- Chengdu • Chicago • Chorzow • Cincinnati
- Columbus • Columbia • Dallas • Denver
- East Rutherford • Frankfurt • Fremont
- Gothenburg • Guadalajara • Hamönien
- Houston • Indianapolis • JFK • Las Vegas
- Las Angeles • Louisville • Luxembourg • Lyon
- Manhattan • Mexico City • Miami • Milan
- Monterrey • Nashville • Ontario • Orlando
- Paris • Phoenix • Portland • Poznan • Prague
- San Antonio • San Francisco • São Paulo
- Shanghai • Shenzhen • Singapore • SoHo
- Tokyo • Toronto • Tracy • Warsaw • Wrocław

# Solving customer labor challenges

As e-commerce continues to grow, our customers consistently tell us that attracting and retaining qualified logistics talent is one of their biggest pain points.

We can help. By leveraging our scale, reach and future-oriented thinking, Prologis is driving innovative new solutions that benefit our customers, their employees, and our local communities.

## Building Design Promotes Health and Well-Being

Designing our buildings for sustainability doesn't just benefit the planet and our customers' utility bills; it also provides safe, healthy and appealing environments for the people who work there.

We optimize factors such as indoor air quality and lighting and provide natural outdoor amenities, so that our buildings promote workforce wellness, boost engagement and productivity and support our customers' talent attraction and retention efforts.

**WELL Certification** – The WELL Building Standard™ is an evidence-based framework for creating workspaces that advance human health and well-being in tandem with worker motivation and productivity. Addressing core concepts of air, water, nourishment, light, movement, thermal comfort, sound, materials, mind and community, WELL enumerates strategies for driving optimization through building design, operational policies and a corporate commitment to health and wellness.

## 5 new

WELL buildings started development in 2020.

## LEADING THE WAY ON WELL CERTIFICATION: ARTHUR VAN KOOIJ

As head of Project Management for Prologis Northern Europe, Arthur delivers innovative carbon reduction and circular design solutions to our customers. He has also led the development and certification process for many of our ground-breaking WELL buildings in Europe. In 2020 he was recognized with the Industrial Sector Advisory Award by the International WELL Building Institute.



## CASE STUDY—WELL CERTIFICATION, DATTELN, GERMANY

In 2021, Prologis' facility in Datteln will become the first logistics facility in Germany (and second in the EU) to achieve WELL certification. Datteln is poised to become at least WELL Gold certified. Designed to advance human health and well-being in tandem with worker motivation and productivity, the building features indoor and outdoor greenery, special lighting and ventilation in areas where employees spend more time, constant air- and water-quality monitoring, superior sound insulation in offices and meeting rooms and an outdoor relaxation area, herb bed and bicycle repair station.



Well Building Standard Zertifizierung  
Prologis Park Datteln, Datteln, Germany.

# PARKlife

The world in which Prologis and its customers operates is changing fast. PARKlife, unique to Prologis in Europe, is a philosophy that challenges us to find a better way to do things by thinking ahead and planning for what our customers need—both now and in the future.

PARKlife implementations look different in each location because we take the time to get to know our customers and tailor our offerings to meet their specific needs. Many of our parks facilitate green travel options such as easily accessible public transport, EV charging stations and safe bicycle storage, which help employees get to work sustainably. Others have onsite canteens and food truck courts that provide our customers' employees a variety of onsite dining choices. Walking trails, gyms and sports facilities are also popular amenities.

By helping us to stay ahead of what's next and deliver unique services and facilities, PARKlife creates a competitive advantage for both our customers and Prologis.

## CASE STUDY—PARKLIFE, PROLOGIS PARK BUDAPEST-HARBOR, HUNGARY

Located just 12 kilometers from the city center, the 150,000 square meter Prologis Park Budapest-Harbor is one of our flagship PARKlife properties, offering a range of shared services, amenities and sustainability features. Around the grounds, our customers' employees can enjoy walking paths, a small pond, a picnic area with barbecue facilities and a soccer pitch. The soccer pitch is particularly popular and is used to host the annual Prologis Budapest Football Games to promote healthy living and bring the park's community together.



### Engaging with Our Customers

We know that building a sustainable future is an objective that we share with many of our customers. So, we engage with them in direct dialogue to understand their sustainability aspirations and challenges and then work to overcome these pain points. These conversations not only lead to greater communication and coordination between us and the customer, but often help break silos among stakeholders within our customers' internal teams.

We engage with our customers on a broad range of sustainability topics through our Customer Sustainability Advisory Committee, Customer Advisory Boards and 3PL Executive Round Table. We use these platforms to ensure we are attuned to our customers' critical business and sustainability-related challenges so we can best help them achieve and accelerate their objectives.

# Training tomorrow's logistics labor force

Goal  
**25,000**  
people trained through CWI by 2025 globally.

## Community Workforce Initiative

As companies scale up their transportation, distribution and logistics operations to meet the increasing demands of e-commerce, our customers have told us that recruiting and retaining talent is one of their biggest pain points. Simultaneously, there is limited knowledge in communities about logistics career opportunities and few resources for logistics-focused job training.

In response to these challenges, we created the Prologis Community Workforce Initiative (CWI) in 2018. This initiative creates opportunities for new workers, revitalizes career pathways for established workers and builds economic opportunity in underserved communities, while simultaneously creating a pipeline of diverse, qualified and engaged talent for our customers. We partner with community jobs programs and other municipal organizations to spread the word about our curricula that includes basic workforce skills, lean principles and logistics-specific trainings in areas such as workplace safety and forklift operation.

From the beginning, we have customized CWI to meet the needs and opportunities in our varied markets: teaching job skills to high schools students in California; providing logistics-specific training in Illinois; and creating a mock warehouse for students in Florida. This program takes on many shapes and sizes. To broaden our reach, we developed an online, mobile-friendly environment that we launched in November 2020. Within two months, nearly 4,000 people registered. Since 2018, we have introduced CWI in nine of our key markets, and 4,752 people have enrolled.

### New Industry Certification

In early 2021, we announced a partnership with the Association for Supply Chain Management (ASCM) to create a new industry certificate as part of the global Prologis Community Workforce Initiative.

### COMMUNITY WORKFORCE INITIATIVE

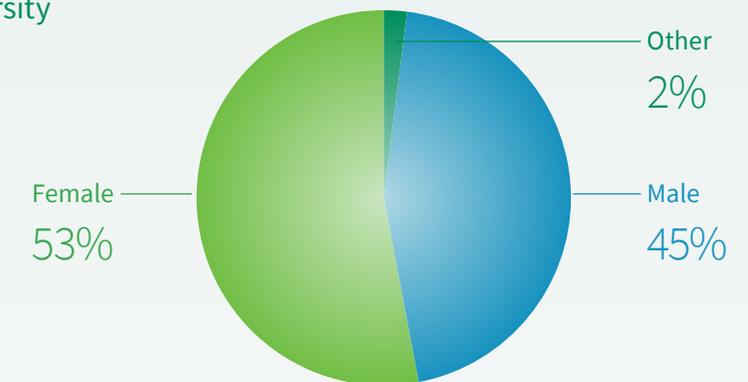
Our workforce development program exemplifies how we are more than just a logistics real estate company. By leveraging our scale and expertise to develop a training platform, we empower new workers to enter the logistics sector, help our customers fill their talent needs and create economic opportunity in our communities.

## Prologis Academy

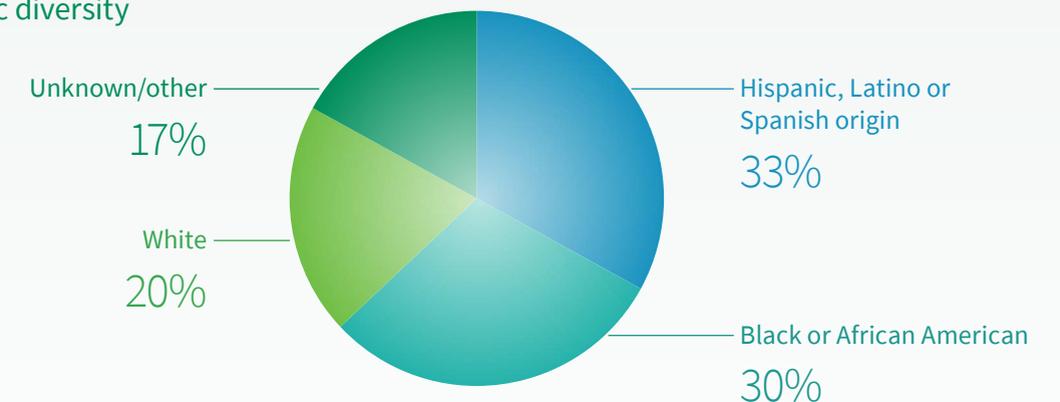
In Japan, we launched the Prologis Academy in 2019 to support our customers' need to develop talent in supply chain management and logistics. Five to six students from our customers' businesses are selected to participate annually, receiving focused interactive instruction and first-hand exposure to Prologis distribution facilities and technologies. These students are then able to bring their new skills and knowledge back to their employers. It's another way we support our customers, while also creating broader networks of logistics expertise.

### DIVERSE REGISTRANTS FOR CWI'S ONLINE TRAINING

#### Gender diversity



#### Ethnic diversity



# Technology investments for labor challenges

Through our venture capital arm, Prologis Ventures, we're investing in companies developing cutting-edge technologies to solve our customers' labor challenges—both today and tomorrow.

- **WorkStep** – This online placement platform connects companies with U.S. warehousing, trucking and/or production operations to qualified talent, helping large facilities stay fully staffed, reduce turnover and avoid reliance on temporary staffing.
- **TIMEE** – This on-demand job placement platform connects Japanese businesses and available workers in real time to help facilitate temporary hiring and job-acceptance decisions. TIMEE was originally created for the service industry, then adapted through a collaboration with Prologis to serve the logistics industry's labor needs.

- **Kinetic** – Reflex™ is a sensor-packed wearable technology that monitors worker biometrics and movements to increase workforce safety: averting injuries, boosting productivity and recording interactions to enable functions like COVID-19 contact tracing.
- **Strivr** – This immersive learning platform is revolutionizing hiring and training through virtual reality (VR). When employees learn by doing, they are more engaged, learn faster and are better prepared with data-driven insights.
- **Kurando** – The Logimeter Warehouse Performance Management System monitors the progress of operations and productivity as well as profits and losses. This visualization helps users to improve productivity, resource planning and profitability in their warehousing operations.



VR training, San Leandro, California. Photo taken under strict adherence to local COVID-19 protocols with a 3rd party COVID-19 compliance officer onsite.

# Supporting our customers through the pandemic

During the COVID-19 pandemic, our commitment to support our customers reinforced our standing as an unwavering partner of choice.

As the virus began its worldwide spread in late 2019, we leveraged our scope and purchasing power to acquire personal protective equipment (PPE) and other essential goods critical for operation during the pandemic—distributing them free of charge to all of our customers. Beyond this initial gift, we also used our purchasing power to source hard-to-obtain safety gear for our customers at competitive rates, set up a 24/7 helpline for our customers to call for further support and empowered our field offices to offer additional help at the local market level. Furthermore, our Net Promoter Score (NPS) increased by five points in 2020—evidence of the success of the work of our customer teams even during the unique challenges of the pandemic.

For many of the smaller companies with which we do business, the U.S. CARES Act’s Paycheck Protection Program (PPP) was a potential lifeline, but some found the application process to be confusing and hard to navigate. Within days of the bill’s passage, we created a PPP Toolkit to ensure that customers understood the legislation and had the guidance needed to apply for a loan.

In our multi-building parks, we implemented rigorous COVID-19 protocols to keep our customers’ workforce safe and their businesses running. For example, in many of our logistics parks in Brazil we installed sanitation stations, posted signage detailing social-distancing protocols and made numerous changes at the park restaurant, including operating at 40% capacity, enhancing food prep safety measures, mandating mask changes every three hours for restaurant staff and posting security guards to enforce COVID-19 rules.



# Employee experience

Our employees are the beating heart of our business, delivering value for the company and our customers and bringing our sustainability goals to fruition.

Our 3Cs strategic blueprint highlights three key areas of focus: customer-centricity, change through innovation and operational excellence and culture and talent. In many ways, this third pillar, which focuses on our people and corporate culture, is the most important and serves as the glue that holds our organization together and an essential enabler for the other two priorities.

We demonstrate commitment to our employees by being a responsible and supportive employer and working to give each of our people a rewarding and stimulating work experience. That means maintaining an inclusive and supportive culture, upholding consistent and fair policies that respect cultural differences, providing inspiring and meaningful development opportunities, offering competitive salaries and benefits and recognizing outstanding performance. As proof of our success, the 92% of our global employees who participated in our 2020 Employee Engagement Survey\* gave Prologis an engagement score of 82%—ten points above the U.S. average.

\*Survey administered on a third-party platform.

## 92%

global employees participated in our 2020 Employee Engagement Survey.

## 82%

employee engagement score—ten points above the U.S. average.



Prologis team member, Denver, Colorado.  
Photo taken before the COVID-19 pandemic.

# Inclusion & Diversity

**50%**  
of our total workforce is women.

**41%**  
of all management positions are held by women.

**3 of 11**  
Directors self-identify as an ethnic minority.

**Inclusion & Diversity (I&D) is the foundation of our human capital program. Our vision is to use our size, scale and deeply held values to lead our company, industry and communities into a more inclusive, diverse and equitable future.**

We are changing the systems that can perpetuate bias. We have developed a three-pronged approach that guides our efforts in this space.

**Infrastructure** – To promote an I&D mindset from the first touchpoints of the employee relationship, we ensure our Human Resources (HR) infrastructure supports diverse and inclusive outcomes. For example, by making core system enhancements to clarify the criteria for hiring and promotion decisions, and requiring alignment on I&D issues with our staffing agencies. By upholding policies and practices that drive equity are in place, we can overcome bias at every step, from how we evaluate talent and interview candidates to how we conduct the onboarding process.

**Engagement** – We are actively engaging our employees on this topic to drive person-to-person connections, accountability and the skills development needed to foster a more inclusive environment. We are creating coaching strategies to improve leadership and enhance organizational communication; offering trainings, workshops and other programs to promote more inclusive discourse; and measuring inclusion as a key performance indicator, which is part of the bonus metrics for senior management.

**Community** – Our community initiatives include educational development and job training to grow the population of diverse recruits entering the industry. We’ve established new relationships with five schools boasting high graduation rates of diverse students and are offering scholarships and sponsorships to develop the talent our industry needs. To develop talent at the management level, our HiPE (High Potential Employee) rotational leadership program gives diverse candidates with STEM degrees exposure and training in logistics real estate. Focused on recruiting women and people of color, the program should soon scale up to between 20 to 30 participants. We also provide logistics industry opportunities for minority and underserved individuals already in the workforce through our Community Workforce Initiative and through partnerships with organizations fighting for racial justice. Our Supplier Code of Conduct propagates our commitment to these principles as well.

To date, we have achieved rough gender parity across our employee base. While we are proud of the progress we have made, we know there is so much more to do. We are committed to doing the long, hard work that will be required to advance meaningful change within our company and across the industry.

INFRASTRUCTURE	ENGAGEMENT	COMMUNITY
<p><b>POLICIES</b></p> <ul style="list-style-type: none"> <li>• Ensure policies enable an environment focused on inclusion and diversity.</li> </ul> <p><b>PRACTICES</b></p> <ul style="list-style-type: none"> <li>• Establish a consistent equitable framework for recruitment, promotion and pay to ensure we hire and develop diverse talent.</li> </ul>	<p><b>LEARNING &amp; DEVELOPMENT</b></p> <ul style="list-style-type: none"> <li>• Develop skills to foster a more inclusive environment.</li> </ul> <p><b>INTERACTION</b></p> <ul style="list-style-type: none"> <li>• Develop programs that allow people to connect (ERGs, mentoring program).</li> </ul> <p><b>MEASUREMENT</b></p> <ul style="list-style-type: none"> <li>• Implement inclusion as a key performance indicator (KPI).</li> </ul>	<p><b>PARTNERSHIPS</b></p> <ul style="list-style-type: none"> <li>• Expand partnerships to include organizations with ties to diverse communities.</li> </ul> <p><b>INVEST</b></p> <ul style="list-style-type: none"> <li>• Social justice and other causes aligned with Prologis values.</li> </ul> <p><b>ALIGNMENT</b></p> <ul style="list-style-type: none"> <li>• Work with vendors committed to diversity.</li> </ul>

\*Funds designated for donation in 2020, though not all funds were allocated during this calendar year. The remaining funds will be allocated after calendar year 2020.

# Employee experience

## 500%

increase in usage of eLearning from 2019, with 50,000 lessons completed.

### Learning & Development

We continue to encourage our people to reach their full potential and grow and develop throughout their careers. Our extensive Learning & Development platform focuses on six key areas:

1. Prologis core competencies & traits.
2. Real estate training.
3. Leadership development.
4. Prologis business 101.
5. Career enrichment.
6. HR & talent management.



Warehouse operations in Torrance, California.

Trainings are typically either instructor-led learnings, held virtually or in-person at Prologis offices or self-paced eLearnings from our library of more than 600 courses that are available anytime and anywhere. With the onset of COVID-19, we quickly pivoted all our core curriculum to a virtual platform and rolled out new learning content intended to help employees adapt smoothly to a remote working experience.

In 2020, we saw a 500% increase in usage of eLearning from 2019, with 50,000 lessons completed. Much of this jump is attributable to our new Customer Experience organizational structure which required many of our customer-facing staff to take on evolved roles with greater customer engagement. To position them for success, we made available a series of new customer service training modules covering important technical skills and facilitated instructor-led management trainings at the market level.

### Health & Safety

A safe work environment is a top priority at Prologis. Our risk-based program focuses on field safety for Prologis personnel, construction contractors and our customers' employees during operation of the building.

Safety is key even before we break ground on a new project, with our design guidelines mandating features such as anchor points, railings and skylight screens. On all development sites, we follow a set of minimum safety standards detailing best practices for safety, above and beyond federal and local safety standards. We also:

- Require all potential partners to maintain safety metrics and records at industry average or above.
- Maintain an anonymous, third-party administered safety helpline where Prologis employees, employees of our contractors or anyone else may report job-site safety concerns.
- Require that each development project have a dedicated point-person to manage safety risks.
- Periodically conduct audits of development sites to ensure our requirements are being followed.

We have also developed a robust set of safety trainings and coursework for Prologis property managers overseeing renovations or equipment installations in the field and we host recurring trainings for our maintenance technicians in the U.S. Additionally, our development managers are OSHA certified.

Our safety program is overseen by a Global Safety Committee, comprised of senior executives from relevant global functions.

# Supporting employee wellness through the pandemic

Prologis understands that a healthy, fulfilled workforce makes for a healthy, functioning business. As part of our commitment to our people, we offer a range of activities and support designed to promote physical and mental wellness.

Throughout the COVID-19 pandemic, the health and well-being of our employees and their families has been our top priority. To keep our employees and their families as safe as possible during uncertain times, we have taken a proactive approach based on evolving science and government guidelines. As the scope of the crisis became clear in early 2020, we quickly instituted a work-from-home policy for all employees whose roles allowed, made available to all U.S. employees care packages with essential goods, and offered virtual ergonomic assessments for newly home-based employees. We also began offering free, confidential support services by phone, email or web to help employees deal with the added stresses that have accompanied the pandemic, as well as instructor-led virtual wellness classes such as yoga and mindfulness.

When the time comes that Prologis employees are able to work and connect more freely in our office buildings, everyone will once again benefit from the traditional focus of our employee wellness efforts, which include healthy indoor environments, ergonomic office furniture, healthy snacks, onsite workout rooms and wellness-focused events.



Home supplies distributed to Prologis employees during COVID-19 at Fremont, California.

## Benefits

Prologis seeks to attract and retain the best employees by offering a customized benefits package that is constantly adapted to changing needs and desires.

In 2020, the pandemic subjected our employees to new challenges, prompting us to conduct an immediate evaluation of our benefits and add several new offerings, including:

- Free COVID-19 testing for employees and their dependents.
- Extended telehealth and Teledoc services, with a focus on mental health to address pandemic-induced stress and anxiety.
- Quarantine pay for employees forced to isolate after exposure.
- Managed leave and short-term disability for employees ill for longer than two weeks.
- Zero-interest loans for non-management employees with reduced household incomes.
- Monthly stipend to assist parents with childcare and homeschooling.
- Virtual ergonomic assessments of home offices.

Prior to the pandemic, we also introduced expanded childcare support and new fertility benefits that include assistance for adoption and surrogacy.

## EMPLOYEE BENEFITS

- Paid time off.
- Maternity and parental leave.\*
- Life insurance.
- Short-term and long-term disability insurance.
- Identity theft insurance.
- Employee educational assistance & continuing education.
- Company sponsored volunteer time.
- Medical, dental, vision insurance.
- Local benefits.\*\*
- Flexible spending accounts.
- Health savings account.
- Fertility/surrogacy assistance.
- Adoption assistance and counseling.
- Telemedicine.
- 401(k) retirement plan with employer matching.
- Employee assistance program.
- Health and financial wellness coaching.
- Weight loss programs.
- Backup childcare assistance.
- Pension.

\*Effective in 2018, Prologis provides up to 10 weeks of 100 percent paid parental leave following the birth of a child, and adoption reimbursement up to \$10,000.

\*\*Not all benefits offered in all geographic regions. Select benefits are available for all U.S.-based, full-time employees. U.S.-based part-time employees receive PTO on a prorated basis, are eligible for 401k and are eligible for the Employee Assistance Program. The United States is considered the most "significant location of operations" since over 50% of all employees are based there.

# Volunteering and philanthropy in the year of COVID-19

Community engagement and volunteerism are key elements of Prologis’ culture and of our ESG program. Through these efforts we connect with our communities—and each other—as we come together to give back to the communities in which we and our customers operate.

In 2020, the COVID-19 pandemic upended life around the world, causing many new humanitarian crises while simultaneously exacerbating existing needs. To respond, we refocused many of our existing initiatives to fight the pandemic and expand our impact.

## IMPACT Day

Prologis has always demonstrated a strong commitment to the communities where our people live and work. Since 2013, our annual IMPACT Day has come to define our community support efforts and the charitable spirit of our global workforce.

In 2020, COVID-19 gave IMPACT Day a new look and feel. Temporarily rebranded as IMPACT 2020: 45 Days of Giving, our initiative gave Prologis colleagues around the globe a month-plus

## LEADING THE WAY ON GIVING BACK: BRENDA STANDKE

For the past eight years, Brenda, an Executive Assistant based out of Denver, CO, voluntarily takes on the second job of organizing and coordinating our global IMPACT Day efforts. Her passion and dedication gives every other Prologis employee the opportunity to give back.



window in which they could step away from work and demonstrate IMPACT’s eponymous values of Integrity, Mentorship, Passion, Accountability, Courage and Teamwork—totaling 4,280 hours of positive, global community impact. Whether making donations, safely volunteering in person or virtually, or participating in Community Acts of Kindness, Prologis employees found a way to make a difference during these challenging times.

# 4,280

hours worked by Prologis employees during IMPACT 2020: 45 Days of Giving.

## IMPACT DAY ACTIONS FROM AROUND THE WORLD

### U.S.

Employees held food drives, delivered meals to the elderly and sick, sewed masks for hospitals and schools, tutored students, cleaned up parks and helped neighbors in need.



### U.K.

Our annual Dock Doors of Giving campaign in the UK expanded to all of Europe, delivering €275,000, as well as food, toys, PPE, hand sanitizer and other items to 91 charities and community groups.



### MEXICO

Prologis employees donated food to 10,000 families affected by the COVID-19 crisis.



### U.S.

Prologis colleagues raised nearly \$25,000 for Easter Seals of North Georgia’s “Toys for Tots” drive, funding the purchase of holiday gifts for over 1,700 children of low-income families.



### JAPAN

Employees raised approximately \$28,000 for local communities, sewed cleaning cloths for community centers and made face shields for nursing home residents.



### CHINA

Prologis colleagues went “plogging” (picking up trash while jogging).



### GLOBAL

Prologis employees worldwide came together virtually to attend multiple map-a-thons for the Red Cross Missing Map Project to support disaster relief efforts in vulnerable global communities.



### BRAZIL

Prologis employees made blood donations which supported local medical systems.

# Space for Good

Space for Good is a worldwide Prologis program that donates temporary, rent-free space in unoccupied parts of our logistics buildings to charitable organizations providing disaster relief or addressing short-term community needs.

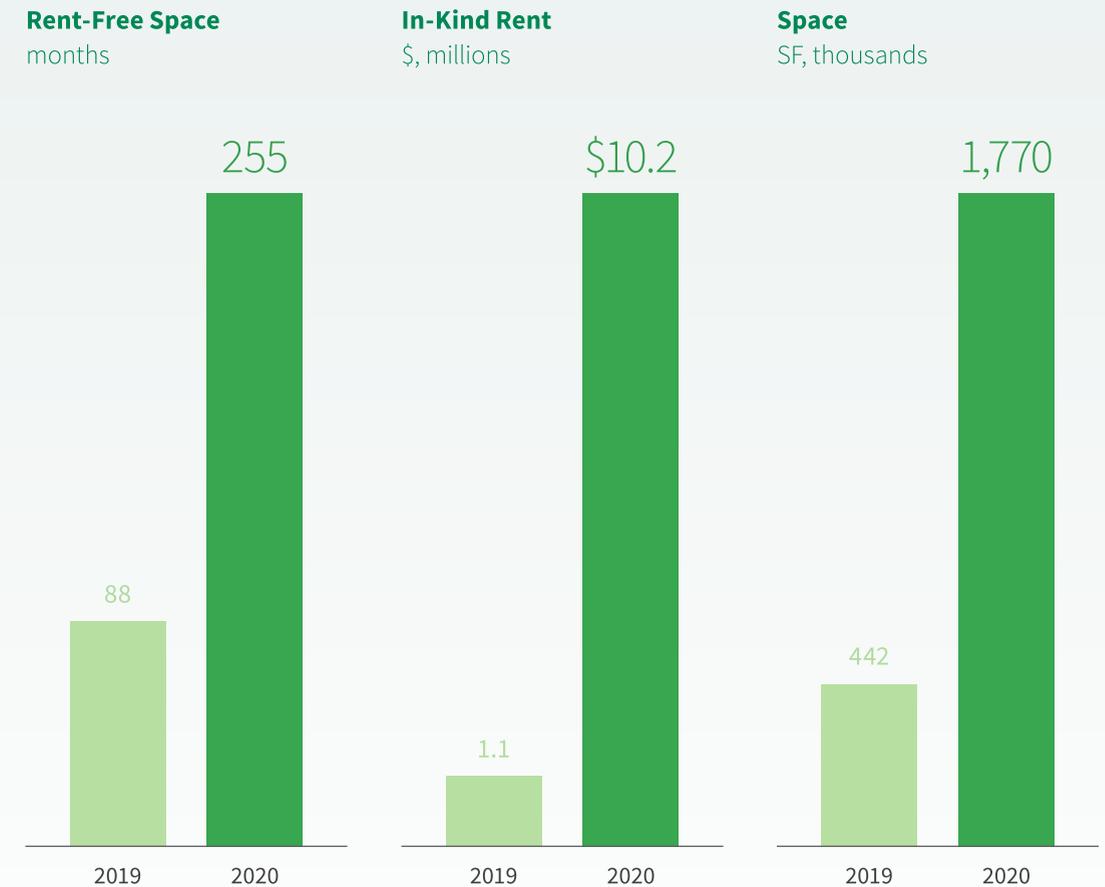


Battell, a company that cleans masks and bio-hazard issues around the world, set up operations in charitable lease space at Prologis Fremont, Fremont, California.

In early 2020, with the onset of the COVID-19 pandemic, Prologis expanded the program to accommodate the critical needs of responding organizations, offering logistics space to NGOs, local, state and federal agencies in the U.S. and France and hospitals and relief organizations throughout the world.

From January to year-end 2020, we donated 1.77 million square feet in 15 markets and \$10.2 million in in-kind rent, of which 1.63 million square feet and \$9.3 million of in-kind rent was allocated for COVID-19 relief efforts. In total this represents an eightfold increase over our 2019 Space for Good donations.

## RAMPING UP SPACE FOR GOOD TO ADDRESS THE PANDEMIC



# The Prologis Foundation

The Prologis Foundation supports numerous charitable organizations, awarding grants to nonprofits working to improve education, the environment and human welfare. In the U.S., the Foundation also matches employee donations to a range of nonprofits and supports organizations to which our employees volunteer through our “Dollars for Doers” program, which matches volunteer hours with cash grants.

## Fighting Racial Injustice

In 2020, the Foundation designated \$1 million to support organizations fighting for racial justice. This contribution augments the important work we are doing to advance inclusion and diversity within our company and beyond.



## FIBRA PROLOGIS EMPLOYEES SUPPORT HOSPITALS

In Mexico, Prologis colleagues did their part for COVID-19 relief and humanitarian action by supporting organizations providing desperately needed care. To accommodate COVID-19 patients, Prologis employees raised 2.5 million pesos (\$150,000) to help expand a medical clinic on the outskirts of Mexico City. In Tijuana, a COVID-19 hotspot, they provided significant donations to the Mexican Institution of Social Security (IMSS) No 1 hospital to support patient care.

## COVID-19 Response

Facing the events of 2020, the Prologis Foundation stepped up to meet the challenge and support communities in need. In early 2020, the Foundation launched a \$5 million global relief fund\* to provide financial support to nonprofits and community-based organizations on the frontlines of the response, partnering first with Feeding America and the European Food Bank Federation to fund 8.5 million meals for people in need. Other funding recipients include the American Red Cross and the European Red Cross and the Foundation plans to make further contributions to organizations around the globe.

## Education, the Environment and Human Welfare

Despite the clear priority demanded by the COVID-19 pandemic in 2020, we also maintained the important support we’ve historically provided to charitable organizations, supporting the educational, environmental and social welfare initiatives of many organizations.

\*Funds designated for donation in 2020, though not all funds were allocated during this calendar year. The remaining funds will be allocated after calendar year 2020.

## COMMUNITY WORKFORCE INITIATIVE BENEFITS OUR COMMUNITIES

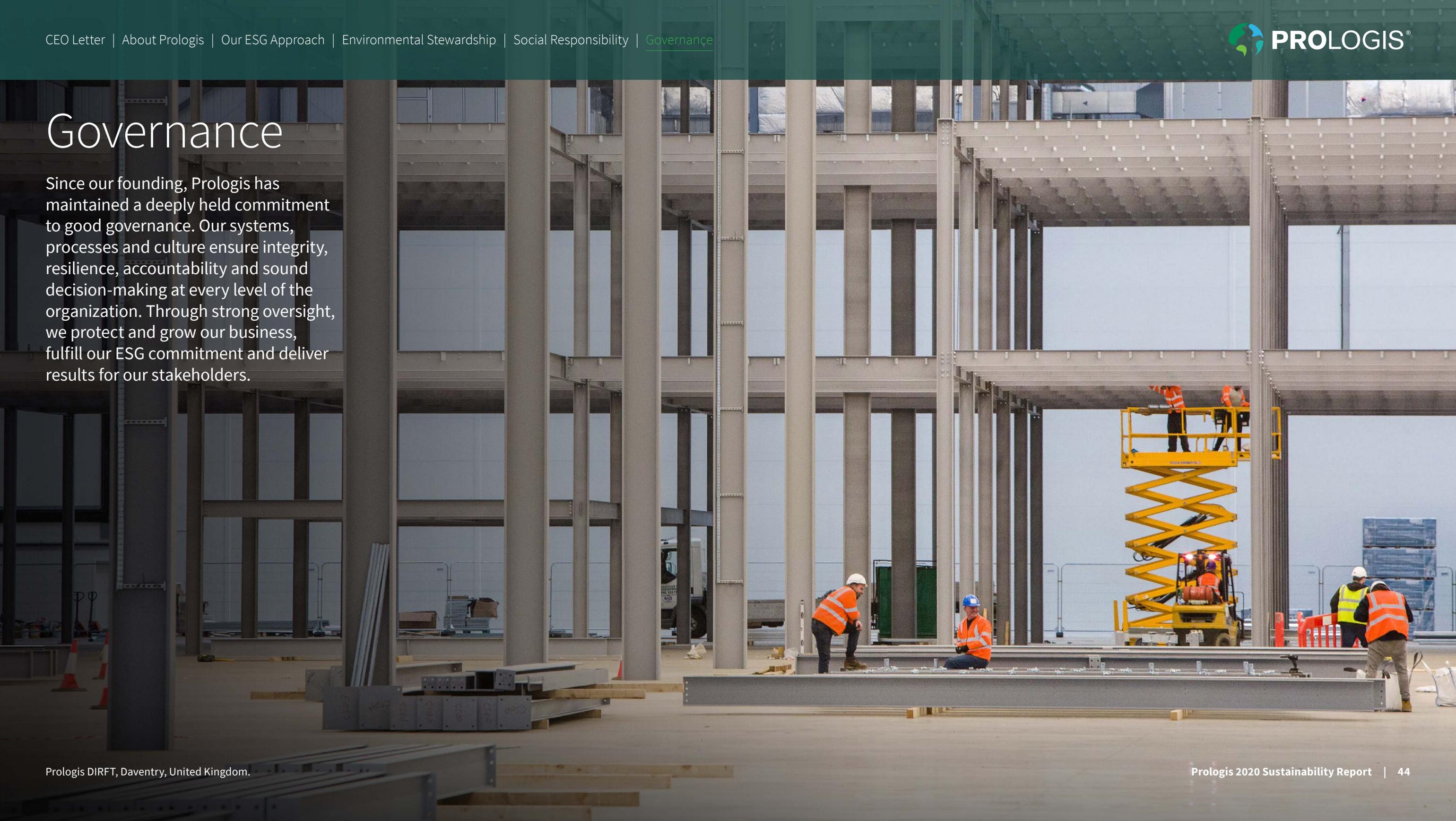
Our Community Workforce Initiative (CWI), [discussed previously](#), not only benefits our customers by creating a pipeline of qualified talent for logistics jobs, it directly helps people in our local communities by opening doors to careers in the growing field of logistics. Especially during the pandemic, which has caused so much economic distress, CWI supports our local economies and offers an opportunity to those in need.



Warehouse operations in Torrance, California. Photo taken under strict adherence to local COVID-19 protocols with a 3rd party COVID-19 compliance officer onsite.

# Governance

Since our founding, Prologis has maintained a deeply held commitment to good governance. Our systems, processes and culture ensure integrity, resilience, accountability and sound decision-making at every level of the organization. Through strong oversight, we protect and grow our business, fulfill our ESG commitment and deliver results for our stakeholders.



# ESG governance

ESG oversight is woven deeply into our management processes and informs decision-making across functions and at every level of the company.

At the highest level, the Governance and Nomination Committee oversees performance against our ESG strategy and goals, receives regular updates on our progress and gives regular reports to the full Board on ESG matters.

Within the Prologis Executive Team, our Chief Legal Officer and General Counsel is responsible for developing and deploying our global ESG strategy, reporting up to the Board and overseeing the work of our global ESG Office. Our Chief Legal Officer's performance-based compensation is tied, in part, to our ESG performance, and inclusion and diversity metrics inform the pay of all Prologis executives.

The Global ESG Office is responsible for the development and deployment of our global ESG strategy. They serve as a central node for prioritizing and coordinating ESG actions taken across the organization, and interface closely with global functional leaders and regional ESG committees. The team also leads our corporate ESG reporting and disclosure efforts.

Global functional leaders are responsible for integrating ESG principles into the work of their teams and executing on priority initiatives. For example:

- Global development builds to green design standards and innovates new solutions.
- Prologis Ventures invests in innovative companies that deliver ESG solutions.
- Prologis Essentials facilitates sustainable property upgrades for customers, including rooftop solar and efficient LED lighting.
- Investor Relations communicates the Prologis ESG value proposition to investors.

Our regional ESG Committees are responsible for implementing our ESG agenda at the local level. They ensure our ESG efforts best meet our customers' needs and are tailored to regional conditions and requirements.

Our employees breathe life into our ESG activities. From innovation to execution, they make ESG happen.

Prologis' Board of Directors has final oversight over our ESG program through its Governance and Nomination committee. Members of the committee are:

- Jeffrey Skelton (Chair).
- Lydia Kennard.
- William Zollars.

## OUR BOARD OF DIRECTORS

Prologis benefits from the diverse set of experiences and perspectives that our Board members bring.

- 5 new directors in last six years.
- 27% female (3 directors).
- 42–73 age range.
- 27% of our Board is ethnically diverse.
- 91% of our Board has global work experience.
- Even mix of Board tenure.

## CLEAR ESG GOVERNANCE CREATES ACCOUNTABILITY AND DRIVES ACTION



## DELIVERING ON OUR ESG ASPIRATIONS IS EVERYONE'S BUSINESS



### Cross-Functional Leaders

- Global leaders from business functions such as HR, Prologis Ventures, IT, Corporate Communications and Construction and Development.
- Integrate ESG principles into their function and set ESG goals.



### Regional ESG Committees

- Drive and coordinate ESG programs across regions.



### Employees

- Bring energy, dedication and creativity to implement our activities across our global platform.

# Risk & resilience

## \$13 billion

in liquidity and combined leverage capacity between Prologis and our open-ended co-investment ventures.

### Our Approach to Managing Risk and Building Resilience

Strong, integrated oversight at every level of our company ensures we implement practices that build financial, reputational and operational resilience; anticipate and adapt to market, regulatory and environmental changes; and deliver results for our stakeholders. Our corporate Risk Management team works with regional counterparts to continuously assess and mitigate global and local risks.

#### Financial Resilience

- Our scale positions us for growth. We have one of the strongest balance sheets in the industry with liquidity and combined leverage capacity, between Prologis and our open-ended co-investment ventures, of more than \$13 billion.
- Risks associated with significant new capital decisions are subject to evaluation by our Investment Committee, composed of our CEO, CFO and other executive team members.
- Prologis' comprehensive global insurance program and expedited damage assessment and restoration services assure quick responses to risk events.

#### Reputational Resilience

- Protections against bribery and corruption include mandatory annual training on our Code of Ethics and Business Conduct for all employees, plus FCPA training for relevant groups.
- Our cybersecurity team maintains continuous vigilance and preventative measures against threats and attacks. The Prologis Information Security Policy is governed by the NIST Cybersecurity Framework (CSF) and includes mandatory annual training for all employees.

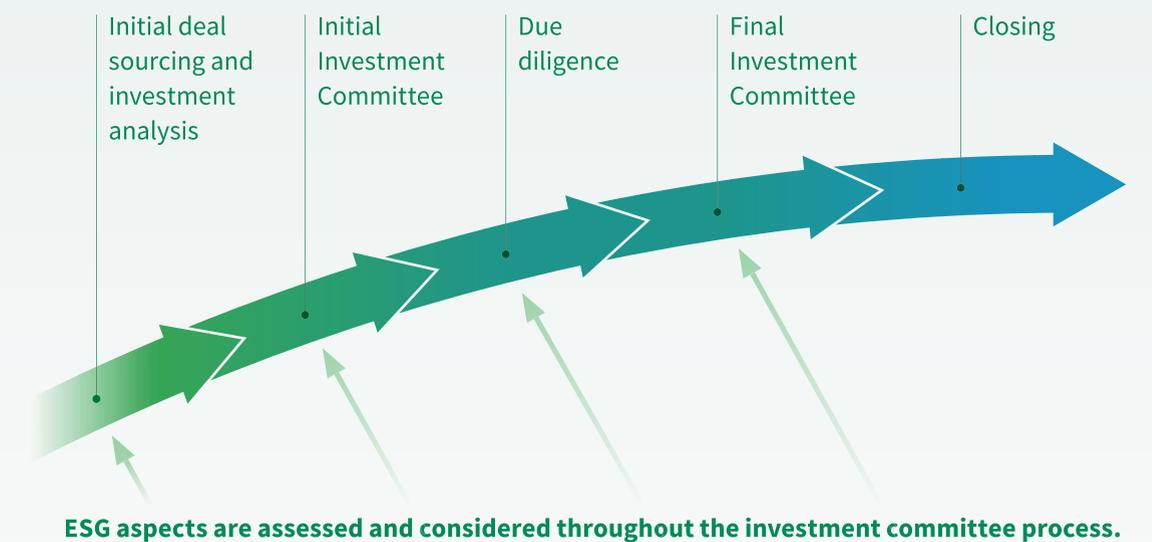
#### Operational Resilience

- Our Disaster Preparedness and Recovery Plan and Global Business Continuity and Emergency Response Plan ensure employee safety, operational continuity and continuous support for our customers.
- Our Customer Sustainability Advisory Council provides a third-party view on existing and emerging risks faced by our customers.
- We assess environmental and climate-related risks associated with flooding, sea level rise and extreme weather events, as well as risks from seismic activity.
- Responsible investment practices advance green design principles and mitigate environmental, climate and other ESG risks.

### Investment Committee Evaluation with ESG Focus

Prologis takes a long-term view on all investment decisions, including developments, acquisitions and dispositions. Our Investment Committee, comprised of senior leaders, conducts a multilayered review process that evaluates the ROI from all angles to ensure that capital is allocated responsibly, thereby preserving Prologis' financial strength and resilience. Formally incorporating ESG into every investment decision maintains a strong ESG focus within our business and aligns us with the six Principles for Responsible Investment (PRI) and enables us to make better, more fully informed business decisions.

### ESG IN THE INVESTMENT COMMITTEE PROCESS



#### Environmental Risks & Opportunities

- Environmental remediation.
- Climate/weather-related risk.
- LED/solar opportunities.

#### Social Responsibility

- Municipal requirements.
- Workforce proximity.

#### Governance & Resilience

- Financial resilience (e.g., IRR, cap rates, tax considerations).
- Operational resilience (e.g., building features meet customer needs).
- Customer business continuity.

# Risk & resilience

(continued)

## 2020

Prologis officially signed on as a TCFD Supporter.

### Preparedness for Natural Disasters and Climate Change

Prologis has always ensured its portfolio remains resilient for customers and stakeholders. This commitment focuses both on acute, near-term risks such as hurricanes and flooding as well as risks posed by longer-term trends resulting from climate change.

We develop assets with a long-term ownership horizon in mind and have preparedness plans in place that differentiate our response and allow us to deliver business continuity to our customers.

Prologis also assesses emerging climate-related transition risks, such as increased disclosure requirements including considerations from regulatory entities like the SEC, future energy use intensity requirements and resulting building retrofit requirements, while also accounting for significant opportunities to deploy additional solar and energy efficiency solutions to our customers.

Other relevant efforts include a Task Force on Climate-related Financial Disclosures (TCFD) aligned disclosure, engagement from our executive team and Board members and a robust program to track our efforts through metrics and targets, including our science-based target for reducing greenhouse gas emissions across our operations and portfolio of assets.

Looking forward, we will continue to work with third parties to advance our climate-related scenario analysis and attain more granular detail on the exposure of our assets to physical, natural hazards across our global portfolio. We will also continue to prepare for changes in frequency and severity of extreme weather events and enhance our climate risk reporting practices. This proactive approach mitigates the material impact of any single risk, while also helping us to deliver sustainability solutions and opportunities for our customers.

Our latest TCFD disclosure is available on the [2020 Data and Disclosures microsite](#).

### Health and Safety Risk Management

Maintaining high safety standards is critical to Prologis' risk management approach. Our Global Safety Committee, comprised of development, compliance and risk executives from across our global operations, meets quarterly to set standards, implement global best practices and facilitate trainings. Key risk management practices around health and safety include a new Global Safety Standard within our contracts, which ensures the contractors we select maintain safety records that are at or above industry average. In addition to the Standard, we administer training through an e-learning tool and require enhanced safety documentation.

See [Health and Safety](#) for more information.



Flood control measures in place at Prologis Park Chengdu, Chengdu, China.

# Business ethics

## 100%

completion target met in 2020 of ethics training for all active employees, including FCPA training for non-U.S. colleagues.

Integrity is one of Prologis’ core values, forming the bedrock of all our business relationships and interactions. As a public company, our long-term health relies on stakeholders knowing that we will always conduct business fairly, ethically and in full compliance with all laws and regulations.

We follow a proactive, risk-based approach to ethics and compliance leadership and management, conducting assessments to identify areas of high risk and then prioritizing, managing and monitoring those risks. We employ risk assessments, independent audits and due diligence to assess ethical compliance across our relationships with customers, investors, suppliers and other third parties, flagging concerns in a robust third-party management system.

The [Prologis Code of Ethics and Business Conduct](#) (also referred to as the “Code”) is publicly available on our website, as well as posted on our intranet, and outlines in detail the key principles of ethical conduct expected of our employees, officers and directors, including matters related to conflicts of interest, bribery or corrupt practices, the use of company resources, fair dealing and financial reporting and disclosure. We have a zero-tolerance policy for harassment and discrimination and corrective and disciplinary action will be taken in case of any discriminatory behavior or harassment. The Code has been translated into 15 languages and establishes formal procedures for reporting illegal or unethical behavior to the company’s internal Ethics Committee. These procedures permit employees to report any concerns on a confidential or anonymous basis if desired. Employees may contact the Ethics Committee by telephone, email or in writing. Employees or third parties may also submit a web-based report through the Ethics Helpline through a website or 24-hour toll-free telephone number administered by a third party, and anonymous reporting is available. Prologis maintains a strict anti-retaliation policy for any allegations made in good faith. Any significant concerns are reported to the board’s Audit Committee in accordance with the Code. Additionally, Prologis has appointed a Global Compliance Officer who helps oversee ethics training and compliance at Prologis.

### Anti-Bribery and Corruption

Prologis follows a zero-tolerance policy for bribery and corruption, with detailed analysis and expectations set out in our Code and our Global Anti-Corruption and Foreign Corrupt Practices Act (FCPA) Policy.

All active employees, officers and directors receive annual ethics training that is translated into a multitude of languages. Additionally, relevant groups receive training on anti-corruption and bribery as well as global fraud prevention, information security issues and country-specific anti-corruption policies as applicable.

We monitor and assess corruption-related risks across 100% of our global operations, maintaining internal controls to assure:

- Proper documentation for competitive bidding of contract work.
- Proper monitoring of actual costs against budgets and forecasts.
- Appropriate due diligence.
- Rigorous investigation and enforcement of policy violations.
- Comprehensive anti-corruption leadership, policies and training.

### Human Rights

Around the world, Prologis is committed to protecting human rights and conducting business operations in a manner that promotes dignity and respect for all people with whom the company engages.

Our principles and our expectations for company leaders, employees, suppliers and partners are articulated in our Code and our stand-alone [Global Human Rights Policy](#), which shows our commitment to:

- Provide equal hiring, compensation and promotion opportunities and combat discrimination based on race, color, creed, religion, sexual orientation, gender identity, marital status, national origin or ancestry, caste, sex, age, physical or mental disability, medical condition or veteran status.
- Prohibit the use of unlawful child labor or any kind of forced or indentured labor in our own operations and those of our suppliers.
- Maintain a safe and healthy work environment for our own people and any third-party contractors with whom we engage.
- Prohibit the inhumane treatment of any person within our sphere of influence and require that all persons be treated with dignity and respect, free from fear of harm or abuse.
- Adhere to all local laws and regulations, including those that govern working hours, guarantee equal and fair compensation, and follow all local laws and regulations, including those that provide the local workforce with the rights to collective bargaining and freedom of association.

### HELPLINE REPORTING STATISTICS

In 2020, Prologis received 26 inquiries directly through our internal Ethics Helpline, a confidential third party-administered helpline for reporting suspected Code of Ethics and Business Conduct violations. Of the 26 total reports, 5 remained as ongoing investigations as of the reporting cut-off of December 31, 2020. For each of the substantiated reports, appropriate action was taken and the matters are considered resolved.

# Sustainable supply chain

“We support our customers to make progress toward their own sustainability goals.”

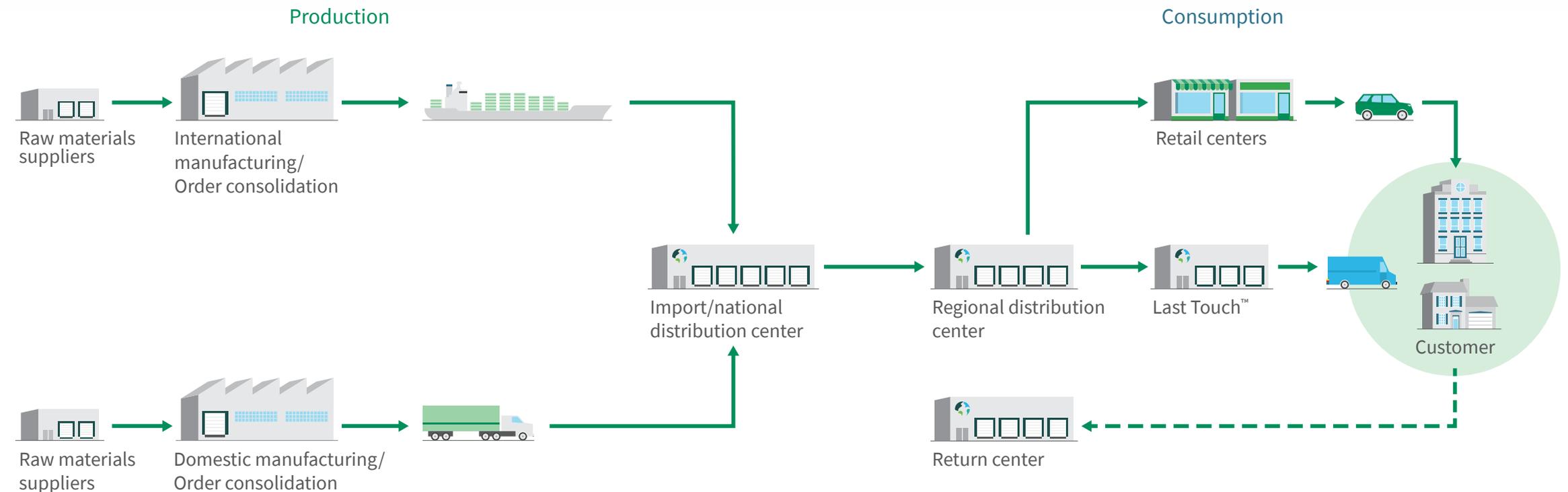
We hold our suppliers and contractors to high standards, defining our expectations for business, employment, environmental, social and ethical practices through our Supplier Code of Conduct. We expect all suppliers to adhere to this code and encourage its application to all sub-contractors engaging in business relationships related to Prologis. Further, we engage with a global third party to conduct prequalification supply chain risk management evaluations to assure potential suppliers for our Development business meet our standards. We also have a construction management system that has ESG elements incorporated into the supplier survey.

Consistent standards and practices across our platform help us leverage our scale and spend to advance sustainability and share the resulting benefits with our partners and customers. Prologis’ Global Procurement mission is to drive the overall best value to our customers by enabling our teams to deliver high-quality products and services while reducing total costs and risks. For

example, ensuring purchase of concrete and steel (the two largest material components of our facilities) from local suppliers allows us to invest in the communities where we operate, spur local employment and reduce shipping and transportation costs and their associated environmental impacts. We also contract the manufacture of our own Prologis LED lights directly, and the final manufacturing stage alone employs 26 people as a result of our LED lighting efforts.

As the provider of modern, efficient logistics facilities, we are a component in our customers’ supply chains and we support them to make progress toward their own sustainability goals. This includes siting buildings optimally, incorporating ESG concepts into our lease agreements and working with customers to prioritize investments that improve building efficiency. These collaborative relationships, which further our joint and individual ESG efforts, help unlock value for both our customers and our business.

## THE MODERN SUPPLY CHAIN



# About this report

The Prologis 2020 Sustainability Report and accompanying [Data and Disclosures microsite](#) describe the significant achievements and relevant initiatives that have furthered our progress toward our ESG ambitions and targets from January 1, 2020 through December 31, 2020. It represents efforts from across our global portfolio of \$148 billion in assets under management in 19 countries.

This report has been prepared in accordance with the GRI Standards: Core Option.

For additional information about this report and our performance, please see the accompanying [Data and Disclosures microsite](#), which contains:

- Global Reporting Initiative (GRI) content index.
- Third-Party Report Assurance and GHG Verification statements.
- Performance data and metrics.
- PRI mapping.
- Sustainability Accounting Standards Board (SASB) disclosures.
- Task Force on Climate-related Financial Disclosures (TCFD) disclosures.
- Memberships & Associations.



The statements in this report that are not historical facts are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which we operate as well as management's beliefs and assumptions. Such statements involve uncertainties that could significantly impact our financial results. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," and "estimates" including variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained, and therefore actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

Tilt wall construction at Prologis Park I-17, Phoenix, Arizona.