



Modern Slavery Statement

Annual Report
31 December 2020

ESR Real Estate (Australia) Pty Ltd

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Our Commitment

Respect for human rights is of the highest priority to ESR Australia and our stakeholders and we find any violation of these rights abhorrent. We are dedicated to operating our business in a way that maintains the highest ethical environmental, social and governance standards and practice. ESR Australia is intolerant of all the practices that fall under the term 'modern slavery' and we are making every effort to ensure they do not exist within our supply chain.

ESR Australia is part of the ESR Group, the largest logistics real estate group in the Asia-Pacific region. ESR's market leading position and scalable business model has required us to maintain an assertive, risk-based approach to proactively identifying and addressing potential breaches that may lead to modern slavery.

Throughout CY2020, ESR implemented and reviewed a number of policies, procedures and guidelines to strengthen potential modern slavery and human trafficking risks. This has resulted in the rolling out of due diligence platforms, quarterly monitoring of operations, year-round training, annual risk exercises and general procedure reviews.

ESR Australia will continue to focus on safeguarding the health and safety of its employees, contractors and other workers within our supply chain. We will continue to work closely with our supply chain to ensure that employees of our contractors enjoy the same standards of protection as we expect for our own people. We view this as a collective, continual responsibility and one that we view this as process of continual improvement.

Philip Pearce
CEO
ESR Australia

ESR Overview

Headquartered in Hong Kong, ESR Cayman Limited, a listed entity on the Hong Kong Stock Exchange, is a leading logistics real estate platform with a network spanning major economies across the APAC region, including the People's Republic of China ("PRC"), Japan, South Korea, Singapore, Australia and India.

A subsidiary of ESR Cayman Limited, ESR Real Estate (Australia) Pty Ltd ('ESR Australia') was established in 2018 and is now a leading manager of industrial and business park real estate with a robust development pipeline

In Australia, ESR's global standards are paired with local expertise to develop and manage a strong portfolio of assets.

A fully integrated industrial real estate platform, ESR Australia has market leading capabilities in development, investment and asset management.

Develop

ESR develops strategic land assets, greenfield and brownfield development sites, delivering premium logistic facilities

- Land sourcing
- Design
- Construction
- Pre-leasing

Invest

ESR invests in assets through direct ownership, the funds we manage and by creating investment opportunities for our capital partners

- Fund managers
- Capital partners
- Opportunities
- Pre-leasing

Manage

ESR activity manages assets, adding long term value for customers and investors

- Active asset management
- Property management
- Leasing



\$48.3 bn
TOTAL GROUP ASSETS
UNDER MANAGEMENT

21.5 sqm
GROSS FLOOR AREA

600+
INHOUSE INDUSTRY
EXPERTS

Our Commitment

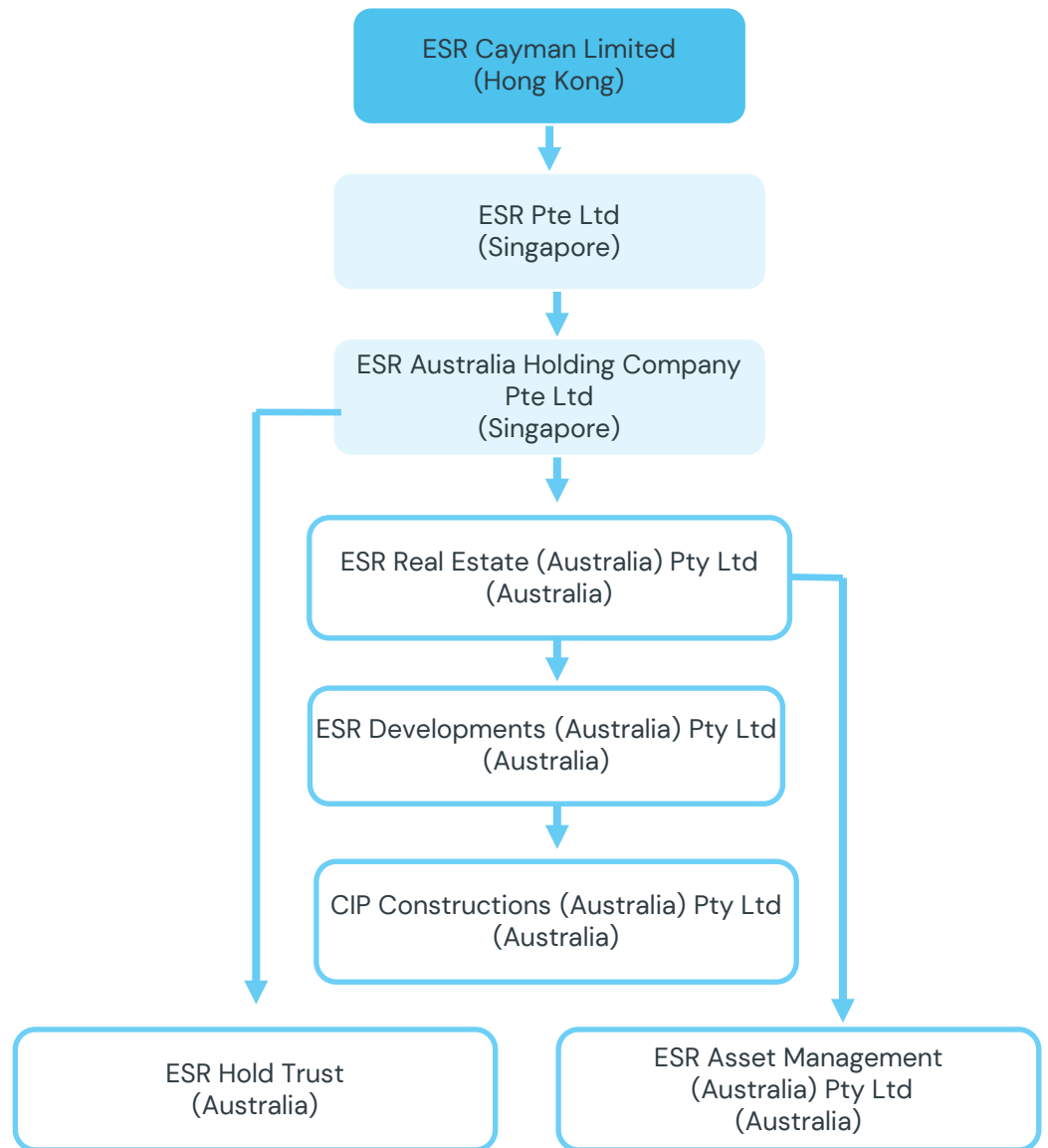
Reporting Entities

ESR Real Estate (Australia) Pty Ltd (ESR Australia) and its subsidiaries, including ESR Asset Management (Australia) Pty Ltd, ESR Developments (Australia) Pty Ltd and CIP Constructions (Australia) Pty Ltd, jointly prepared this Modern Slavery Statement in accordance with Section 16 of the Modern Slavery Act 2018. ESR Cayman Limited is the ultimate holding company of the ESR Group.

Purpose

ESR Australia recognises that modern slavery is a serious violation of human rights and can occur in various forms such as forced labour, child labour, domestic servitude, sex trafficking, workplace abuse and human trafficking.

ESR Australia is committed to taking steps to ensure slavery has no place in its operations, employment practices, supply chain or services. ESR Australia is committed to complying with all applicable legislation regarding modern slavery, including the *Modern Slavery Act 2018* (Cth) (**Commonwealth Act**) and any state-based legislation that may apply.



Policies

Our Policies

We are dedicated to embedding our commitment to human rights and fairness into our relevant policies, which are essential to managing our commitment to modern slavery processes.

Our policies are designed to provide equal opportunities, inclusivity, mindfulness and consideration inline with our values and core beliefs.

Code of Conduct

ESR is firmly committed to conducting business with the highest integrity and in compliance with the letter of the law. Our Code of Conduct and Business Ethics embodies the fundamental principle that covers a wide range of business practices and procedures, and emphasizes the principles of good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and wellbeing of ESR, our customers, our suppliers and importantly, our employees. This code defines the behaviours, standards, expectations and actions required from our employees.

Supplier Code of Conduct

ESR is committed to the highest level of legal and compliance standards, abiding by a Supplier Code of Conduct. This conduct defines the standards we require from our suppliers, including:

- Complying with all labour laws and regulation
- Protect human rights
- Provide workplace free of harassments and discrimination
- Exclude all forms or forces or child labour
- Intolerance of modern slavery or human trafficking in supply chain



Environmental, Social and Governance (ESG)

Our vision for sustainable development involves a human centric focus. Presently meeting these needs and ensuring these needs can be met in the future are a cornerstone of our sustainable development. To achieve this, the key areas we focus on are as follows:

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

The ESG framework focuses the social impacts of our operations, specifically the engagement with employees, customers, local communications and suppliers.

In FY2020, ESR Group were successful in meeting operational goals for *Diversity & Inclusion* and *Safety, Health & Wellbeing*. ESR recognises the requirement to progress these goals and are in the process of developing engagement programs with employees, tenants, stakeholders and local communities.

Managing Modern Slavery

ESR manage modern slavery by engaging in the following processes and procedures. Focusing on these effective procedures permits the identification of potential risks and provides the means to engage control measurements for each potential risk.

Stage	Processes & Procedures
Review	<ul style="list-style-type: none">▪ Review existing information on ESR Australia's operations and supply chains; assess the risks of modern slavery in investment portfolios;
Identify & Evaluate	<ul style="list-style-type: none">▪ Map key parts of operations and supply chains for all business units;▪ Utilise risk rating legend/matrix to assess category of risk▪ Assign responsibility for assessing and addressing modern slavery risks;
Mitigate	<ul style="list-style-type: none">▪ Develop and amend policies and procedures to mitigate identified and potential risk of modern slavery;▪ Engagement with proposed and existing suppliers to understand their Modern Slavery policies and controls to ensure Supplier Code of Conduct is maintained.
Report	<ul style="list-style-type: none">▪ Board to review and approve controls in place to mitigate risks▪ Lodgement of the ESR Modern Slavery Statement
Educate	<ul style="list-style-type: none">▪ Communicate Moderns Slavery Statement and Whistleblowing resources to all staff and stakeholders▪ Providing ongoing and refresher modern slavery training for staff.



ESR Risk Indicators

ESR Australia adopts the risk management system recommended by the ASO ISO 31000:2018, which includes risk identification, analysis, evaluation, treatment and assessment of controls. ESR Australia recognises that a strong risk management system is fundamental to upholding informing business decision making, assessing risks and where necessary, minimising exposure to risk.

As part of the modern slavery risk identification process, ESR Australia periodically reviews its operations and overall supply chain structure. This will include identifying the general sectors and industries, types of products and services, categories of investments, countries and entities that are involved in ESR Australia's operations and supply chains.

ESR conducts an annual modern slavery risk assessment exercise between all operational units and identifies potential risk indicators.

An example of the risk indicators identified during the FY2020 review of operations and supply chains are listed below.

Sector and Industry	Product and Services	Geographic Risks	Entity Risks
<ul style="list-style-type: none"> Use of unskilled, temporary or seasonal labour Use of short-term contracts and outsourcing Use of foreign workers or temporary unskilled labour to carry out functions not immediately visible such as security or cleaning 	<ul style="list-style-type: none"> Products produced with short delivery timeframes (requiring suppliers to engage in excessive working hours) Products sourced from high-risk countries e.g. 	<ul style="list-style-type: none"> Materials sourced from countries with poor governance and weak rule of law Inadequate protection for workers, meaning a high risk of labour exploitation 	<ul style="list-style-type: none"> Entities we engage with has as history of non-compliance with human rights or labour standards Entity's procurement and sourcing processes appear poorly managed or inefficient Workers appear to have little info about workplace entitlements and protections

Examples

- | | | | |
|--|---|--|--|
| <ul style="list-style-type: none"> Cleaning services in our assets use illegally trafficked workers Sub-contracted tradesmen use severely underpaid labour | <ul style="list-style-type: none"> Steel manufacturers for construction projects use forced labour | <ul style="list-style-type: none"> Cheap materials are sourced from countries with a high risk of labour exploitation, such as China or India, to cut costs | <ul style="list-style-type: none"> Engaging builders with poor procurement and sourcing processes or poor workplace protections and entitlements. |
|--|---|--|--|

ESR Supply Chains

Operations

As a leader in development, investment and asset management, ESR has identified the main industries of operation, which are as follows:

1. Construction and development
2. Real estate
3. Financial services

Our supply chain is diverse and comprises of a variety companies, from multi-national corporations to small independent business.

Whilst ESR engages with international companies, our primary engagement is with local Australian businesses, which ESR prides itself on supporting throughout the pandemic.

We note our direct and indirect suppliers have their own supply chains, nationally and internationally, and we are committed to identifying and mitigating any modern slavery risks that may arise.

Supply Chains

Whilst the supply chains per business unit vary, the key supply chains considered during the annual risk assessment exercise include:

1. Suppliers, manufacturers, subcontractors and consultants, in relation to development and construction projects
2. Professional advisory firms which provide services to corporate business units
3. Producers and suppliers of marketing and IT equipment

Key Modern Slavery Risks

Internal review of each operational department identified the following areas of key risks:

- Cleaning and maintenance workers
- Subcontractor labour supply
- Sourcing of construction materials
- Corporate service firms

Example of ESR Supply Chains



Identifying Risk in Key ESR Supply Chains

Asset Management

Asset Management delivers and implements Strategic Asset Plans for Assets Under Management (AUM), with the aim of maximising net income for the property, taking into consideration the objectives of each Fund, where relevant.

Key suppliers include:

- Tenants/customers
- Third party consultants (various contractors)
- Facility management

Examples of risks identified and current controls in place are:

Risk Description	Category	Controls
Tenants involved in modern slavery within their business operations or supply chains	Medium Risk	Conduct due diligent checks, including assessment of covenant & operations
Cleaning and maintenance workers in assets being a product of modern slavery	Medium Risk	Conduct due diligent & compliance checks, ensure contract clauses are in place that meet modern slavery standards

Development/Construction

Development focuses on the development of greenfield and brownfield sites into modern warehouse and industrial facilities.

The Construction division designs and constructs commercial and industrial property

Key suppliers include:

- Construction Companies and Subcontractors
- Direct and indirect customers (3PL providers)
- Consultants

Examples of risks identified and current controls in place are:

Risk Description	Category	Controls
Procurement practices of contracted construction companies	Medium Risk	Conduct due diligent checks, including assessment of covenant & operations
Labour supply by sub-contractors may use vulnerable work force in non-skilled labour/short term contracts	Major Risk	Conduct due diligent & compliance checks, pre-qualification form and procurement process, review third party policies in place

Corporate

Our Corporate division include our Legal, Marketing, Finance, IT and Human Resources units. These units are all diverse and have individual supply chains; however, they all engage with suppliers who provide physical or online services.

Key suppliers include:

- Marketing suppliers
- Corporate advisory firms
- IT platforms

Examples of risks identified and current controls in place are:

Risk Description	Category	Controls
Corporate advisory firms have overworked staff	Medium Risk	Conduct due diligent checks, outsourcing procedures and monitoring
Product manufacturing in high-risk countries	Medium Risk	Conduct due diligent & compliance checks on supplier to ensure contract clauses are in place that meet modern slavery standards

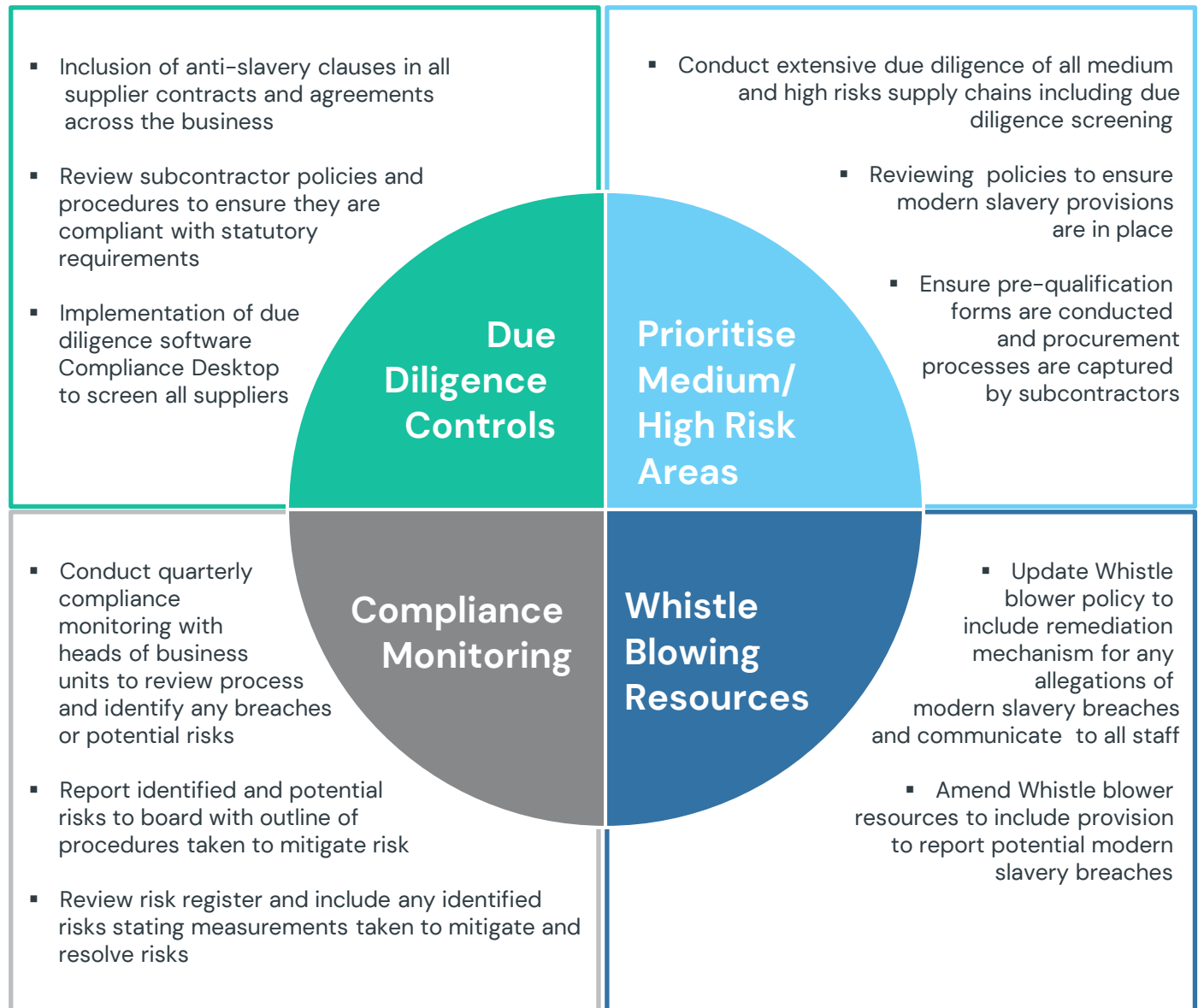
Mitigating Risks

Our annual risk assessment found that most business units identified risk arising from their supply chain's practices (i.e. consultants and subcontracts) rather than internal operations and practices.

The due diligence workflow utilised in ComplianceDesktop improves risk management by providing complete compliance transparency over suppliers we engage with. ESR screened 2,479 third parties in 2020 to ensure that compliance with modern slavery provisions were met.

In addition to implementing ComplianceDesktop, we addressed the risks identified during the annual risk assessment exercise conducted per business unit. A risk matrix was utilised to categorise the risk based on risk event, controls in place and consequences.

The risks perceived as high and medium were analysed and controls were put in place to address and remediate potential risks. The controls and measurements implemented are outlined on this page.



Continuous Improvement

ESR are committed to ensuring modern slavery standards and practices are upheld as we develop and grow. Risks identified during internal assessments and audits have been mitigated and areas of improvement have been implemented. Continuation of risk assessments and improvements of supply chains are ESR's primary focus throughout the next year.

Education

Inline with our dedication to improve overall awareness of modern slavery throughout our operations, we are devoted to enhancing employees understanding of modern slavery. To do this, we have implemented the following:

- Face to face modern slavery and compliance training
- Development of e-learning compliance training specialising in Modern Slavery training
- Online seminars and forums

Implementing Controls

ESR has implemented Refinitiv's ComplianceDesktop to conduct risk assessments, due diligence and screening of third parties to ensure that modern slavery obligation are adhered to.

Refinitiv are a leading software, which partners with international to harness risk intelligence data on human trafficking and modern slavery.

We work closely with our facility manager CBRE to ensure that all suppliers are screened thoroughly through an approved due diligence platform.

In addition to this, we also review the policies and procedures our construction contractors (builders). This is in line with our Supplier Code of Conduct and ensures that we are satisfied with the human rights and safety practices and guidelines in place by the construction contractors we engage with.

COVID-19

When COVID-19 emerged, it profoundly impacted our daily lives and the way in which we worked. our During the pandemic, ESR engaged with our employees, customers and supply chain to ensure that support and assistance was provided where required. ESR aided tenants and suppliers where possible and encouraged government income support programs to be sought where required. Patience and support was provided throughout the pandemic to ease any additional stress and inconvenience.

Our dedication to the wellbeing of our employees during the pandemic has facilitated in the implementation of *Uprise Employee Assistance and Wellbeing Program*. This program provides tools and resources to support our staff through challenging times.

With the uncertainty of the pandemic, ESR is dedicated to continue diligent reviews of our supply chains to improve on and mitigate any potential risks identified. We endeavour to continue supporting our customers, suppliers and employees to ensure welfare and wellbeing is upheld throughout this pandemic.

Next Steps

ESR recognise the importance of evolving due diligence and working with third parties to improve on modern slavery provisions.

We intend to focus on methods to improving governance, developing a more comprehensive risk assessment, and engage with our staff, experts and authorities to enhance our current systems.



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