Prologis 2024 TCFD Report

Introduction

Prologis' approach to climate-related risks and opportunities aligns with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and reflects emerging IFRS S2 disclosure standards. This report covers calendar year 2024.

Governance

Prologis maintains climate-related oversight at both board and executive levels to support long-term value creation and risk resilience. The Board Governance and Nomination Committee (BGNC) holds primary oversight responsibility and receives regular updates from senior leadership on climate risks, targets and regulatory trends. The board periodically reviews competencies to ensure it maintains appropriate sustainability expertise.

Operational responsibility lies with the chief energy and sustainability officer (CESO). The chief financial officer (CFO) oversees the risk management (RM) team, which identifies and assesses climate-related risks. Together, the CESO and CFO provide executive oversight of climate-related matters. The CESO regularly updates the BGNC on topics such as the company's net-zero strategy and energy initiatives, while the RM team reports to the board on physical climate risk exposure.

We embed climate-related priorities into our core business processes, including underwriting, supplier engagement, budgeting and investment decision-making. We monitor progress on science-based targets and climate-related metrics—such as GHG emissions, solar capacity, sustainable building certifications and LED installation—through a combination of annual reviews and quarterly performance tracking for select initiatives.

As disclosed in the 2025 Proxy Statement, sustainability performance also impacts executive compensation, with a portion of annual incentives tied to energy efficient lighting, sustainable building certifications and renewable energy deployment. These incentives help Prologis make progress toward its 2040 net-zero goal.

Strategy

Prologis has identified climate-related risks that could reasonably be expected to impact our business over various time horizons. Key physical risks include acute weather events—such as hurricanes and severe storms—as well as chronic risks like prolonged heat or sea level rise, which may damage assets or disrupt operations in vulnerable geographies. Transition risks include the adoption of low-carbon technologies (e.g. LED lighting, solar assets) that require upfront investment but support long-term emissions reduction and anticipated regulatory compliance. We also consider risks associated with managing greenhouse gas emissions, including the impact of evolving regulations, the use of energy attribution credits (EACs) and emissions reporting requirements.

We assess these risks using a mix of qualitative and quantitative criteria and evaluate them over short- (out to 2030), medium- (2030-2040) and long-term (2040+) horizons. These time frames align with our strategic and capital planning cycles and help us prioritize mitigation and adaptation efforts across our portfolio.

Climate-Related Risks and Opportunities – Examples			
Time Horizon	**Physical Risks**	**Transition Risks**	**Opportunities**
Short-Term (Out to 2030)	Increased severity and frequency of floods and storms (Acute)	Enhanced emission reporting and building performance standards and other upgrade requirements (Policies & Laws)	Opportunities from increased customer focus on sustainable building practices and efficiency solutions (Markets); LED upgrades (Resource Efficiency; Products & Services); Solar installations (Energy Sources; Products & Services); High-efficiency HVAC systems (Technology; Resource Efficiency; Products & Services); Green bonds tied to sustainability initiatives (Products & Services; Markets)
Medium-Term (2030 – 2040)	Increased heat stress requiring more cooling (Chronic)	Building performance standards and other upgrade requirements (Policies & Laws; Resource Efficiency; Technology; Products & Services)	Further renewable and zero-carbon energy deployment (Energy Source); Customer fleet electrification (Technology; Markets; Products & Services); Carbon storage in building materials (Technology)
Long-Term (2040+)	Sea level rise/ coastal risk (Chronic)	Net-Zero building requirements (Policies & Laws; Resource Efficiency; Energy Source; Technology; Products & Services)	Building and supply chain electrification and resilience planning (Resource Efficiency; Energy Source; Technology; Products & Services)

Business model and value chain

Prologis' logistics real estate business is exposed to climate-related risks and responds through our vertically integrated development and asset management model. Physical and transition risks influence site selection, property design, operations and investment planning. Key opportunities include energy-as-a-service, customer operational efficiency and solar-ready assets.

Strategy and decision making

Prologis' business model incorporates climate-related risks and growing customer demand for sustainable, energy-efficient logistics solutions. Through our Essentials platform, we integrate energy, mobility and sustainability offerings such as rooftop solar, battery storage, EV charging and smart building systems into our developments and operations. These support customer decarbonization and efficiency and align with long-term value creation. To help address indirect mitigation and adaptation (and support compliance and reputational goals), we also collaborate with customers on smart metering, energy data sharing and carbon reduction strategies.

To address physical risks in regions prone to extreme weather, we follow building design standards such as considering flooding hazards during site selection, improving insulation and incorporating more-resilient materials. Our net-zero design standards require consistent integration of resilient, future-ready features in new developments and major renovations. Adaptation investments include hail guards, reflective roofs, xeriscaping and reinforced structures. These measures are informed by location-based risk assessments and scenario analyses and are embedded in capital planning and asset management to protect business continuity and reduce exposure.

Our strategic response is guided by a "measure–reduce–invest" approach and informed by our science-based emissions targets and net-zero action plan. We anticipate further resource allocation toward renewable energy, building electrification and customer sustainability enablement, particularly in markets with strong demand and access to affordable clean energy. Planning assumptions include regulatory support, evolving standards and growing demand for more efficient logistics space.

These efforts reflect the continued evolution of our high-performance logistics model and demonstrate how climate strategy is integrated into investment decisions, operations and long-term growth.

Financial position, financial performance and cash flows

Prologis' exposure to climate-related risks and opportunities is increasingly quantifiable, and we are advancing our financial and scenario analysis capabilities to better assess the potential impacts of transition risks on long-term performance. In the reporting period, capital deployment in energy-efficient technologies—including LED lighting, EV infrastructure and rooftop solar—was driven by customer demand and long-term value alignment, with the gross book value of solar and energy storage assets disclosed in our Q4 2024 Supplemental Report. We continue to mitigate operational costs tied to physical climate events, aided by resilient construction standards and robust insurance coverage.

Looking ahead, we anticipate continued financial effects over the short, medium and long term as climate considerations shape development strategy, capital planning and customer engagement. In the short term (0–5 years), we expect to continue to make investments in adaptation and mitigation features such as reflective roofing, insulation upgrades and site-level drainage improvements, especially in high-risk geographies. Over the medium to long term (6–15 years), we anticipate

increased investment in clean energy systems, electrification and customer-focused sustainability solutions through our Essentials platform.

These initiatives may influence capital expenditure and operational budgets, but are expected to enhance long-term asset value, reduce risk exposure and support revenue growth through differentiated, customer-centric offerings. Climate-related considerations are embedded into our enterprise risk management and financial planning processes, including underwriting assumptions, location screening and scenario analysis.

At this time, Prologis does not provide quantified financial effects of climate-related risks and opportunities. We are continuing to improve scenario analysis capabilities—and to align with internal materiality thresholds. We are also working to expand our modeling of climate transition risks—such as regulatory changes, carbon pricing and market shifts—and to integrate these insights into our financial forecasting processes.

Climate resilience

Prologis is thoughtfully managing climate-related risks, supported by our solid financial foundation, operational capabilities and strategic planning. Our climate resilience is informed by the annual physical risk scenario analysis covering 100% of our global portfolio. We assess hazards such as flooding, storms, heat stress and sea level rise using location-specific, climate-adjusted hazard data under RCP 2.6, 4.5 and 8.5 pathways. Our analysis currently reflects geolocation and exposure, but does not yet incorporate building-level mitigation features (e.g., site elevation). This results in a conservative assessment.

This data is refreshed daily and is integrated into our Investment Committee review process, enabling real-time risk screening for acquisitions and development planning. We review scenario results annually and incorporate them into our enterprise risk management (ERM) framework.

We evaluate capital redeployment, building upgrades and divestiture strategies as part of our global risk management process, which includes consideration of climate-related risks and exposures.

Risk management

Prologis uses a cross-functional, data-driven process to identify, assess, prioritize and monitor climate-related risks across our global portfolio. Physical risk assessment is led by the Risk Management team in collaboration with the Global Impact & Sustainability (GI&S) team, using Munich Re’s Location Risk Intelligence platform and internal geographic information system (GIS) mapping. These tools use multiple climate scenarios (RCP 2.6, 4.5, 8.5) to evaluate asset-level exposure to flooding, sea level rise, wildfire and heat stress.

The GI&S, Risk Management and Accounting teams assess transition risks such as regulatory changes, carbon pricing and customer decarbonization, incorporating scenario insights, stakeholder expectations and evolving policy trends. Senior management regularly review the results.

Prologis assesses risk likelihood and magnitude using scenario-informed exposure thresholds (e.g., % of buildings in storm or flood zones) and mitigation potential. Prioritization is based on potential financial, operational or reputational impacts. Risks are monitored continuously through our enterprise risk management (ERM) framework, ensuring climate risks are integrated into broader business resilience planning.

Importantly, Prologis also evaluates risk mitigation actions as strategic opportunities**,** particularly where market demand exists**.** Our energy and mobility businesses help mitigate transition risk while generating additional rental revenue and value-added services (e.g., solar, battery storage, EV charging), reinforcing both risk resilience and long-term value creation.

Metrics and targets

Prologis discloses metrics aligned with the Sustainable Accounting Standards Board (SASB) framework for the Real Estate sector and GRI. These can be found in our 2024-25 Global Impact & Sustainability report. For additional sustainability data and policies, see our Supplemental Information page.

GHG Emissions

Our GHG emissions are calculated in accordance with the Greenhouse Gas Protocol using the control approach. Scope 1 emissions are comprised of mobile fleet, stationary and fugitive emissions associated with our offices. Our Scope 2 emissions comprise our purchased energy for our offices and are addressed predominately by our purchase of renewable energy credits (RECs).

Our Scope 3 emissions are primarily from customer energy use in our buildings (Category 13) and emissions associated with construction and operations (Category 2). Our net-zero action plan, outlined in our latest Global Impact & Sustainability report, includes implementing energy efficiency upgrades, expanding our solar energy and energy storage programs and piloting lower-carbon construction materials.

Greenhouse gas emissions[1]	
GHG Emissions (MtCO2e)	**2024**
Scope 1	**4,835**
Scope 2	
Market-based with RECs	14
Location based	1,868
Scope 1 & 2	
Market-based with RECs	4,849
Location based	6,703
Scope 3	
Category 1: purchased goods & services	133,016
Category 2: capital goods	617,052
Category 8: upstream leased assets	0
Category 13: downstream leased assets	2,449,649
Category 15: investments	7,527
Total Scope 3 (location-based)	**3,207,244**

Internal Carbon Price

Prologis is currently piloting an internal price of carbon (ICP), which will serve as a shadow price to inform investment decisions—particularly for development projects—and will operate alongside our existing Investment Committee process.

The primary objective is to quantify the potential cost of carbon emissions associated with both operational and embodied sources, supporting proactive risk management, capital allocation decisions and alignment with our SBTi-validated target to achieve net-zero greenhouse gas emissions by 2040. The ICP is designed to mitigate future regulatory exposure, enhance long-term asset resilience and guide lower-carbon design choices. Carbon prices will be set at the country level using benchmarks and other jurisdictional reference points to reflect market-relevant assumptions.

Climate Considerations in Compensation

Prologis integrates climate-related considerations into executive compensation through our annual incentive program. As disclosed in the 2025 Proxy Statement, 10% of the annual bonus opportunity for eligible executives and employees is tied to impact and sustainability performance metrics, which include the sustainability-related targets outlined in the chart below.

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[1] All emissions are reported in metric tons of CO_2 equivalent ($MtCO_2e$) and include CO_2, CH_4, HFCs, and PFCs. We have updated our emissions methodology and historical data to reflect improved data quality and emissions factors. We exclude as immaterial: FERA (indirect emissions associated with the production, transmission and delivery of fuels and energy we purchased), employee commuting, business travel and emissions from properties outside of our owned and managed operating properties and development portfolio.

Global Impact & Sustainability Bonus Scorecard Metrics			
Key Performance Metric	**2024 Target**	**2024 Performance**	**Bonus Scorecard Weight**
New Solar and Storage Megawatts (MW) Installed	134MW	110MW	2%
% LED Installed in New Developments and Redevelopments[2]	95%	100%	1%
% of New Eligible Developments Certified Sustainable (LEED or equivalent)[3]	95%	100%	1%

Climate-related targets

Prologis has committed to achieving net-zero greenhouse gas emissions across our value chain (Scopes 1, 2 and 3) by 2040, using 2019 as the base year. This target has been validated by the Science Based Targets initiative (SBTi) and is aligned with the SBTi Corporate Net-Zero Standard, which is consistent with the goals of the Paris Agreement to limit global warming to 1.5°C.

Our net-zero target is supported by absolute near-term (2030) emissions reduction goals, including:

- A 90% reduction in Scope 1 and 2 emissions
- A 27.5% reduction in Scope 3 emissions

These targets apply to our entire value chain and reflect our commitment to science-based decarbonization and leadership in efficient, low-carbon logistics real estate.

Progress on targets

Our **Scope 1** emissions in 2024 were 35% below our 2019 baseline and 16% below 2023, primarily due to a year-over-year decrease in our fleet vehicle emissions. We're working to electrify our fleet and are investigating the use of sustainable aviation fuel to reduce our Scope 1 emissions.

Our **Scope 2** emissions remained consistent from 2023 to 2024 and were 99% below our 2019 baseline. We purchase RECs to account for our purchased electricity (Scope 2 market-based).

Our **Scope 3** emissions in 2024 were 36% below our 2019 baseline and 9% below 2023, primarily due to a year over-year decrease in development activity. We continue to work to improve data quality for our Scope 3 emissions, including by improving data coverage to reduce reliance on estimates and updating emissions factors and methodology to reflect evolving standards.

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[2] Measured by the percentage of warehouse, office and mezzanine office net rentable area that has, or is designated to have, LED lighting in eligible new developments and redevelopments that stabilized in 2024.
[3] Due to customer requirements and/or the limitations of certain co-development agreements, a small number of projects are ineligible to receive a sustainable certification.