



2023

ESG  
Report

# Contents

<b>Letter from our Co-Founder, Chairman and CEO</b>	<b>3</b>	<b>Sustainable Logistics</b>	<b>20</b>	Community health and safety	40
		Climate strategy	21	Community involvement	41
<b>Overview of Our Business</b>	<b>4</b>	Driving sustainability for our customers	23		
Prologis at a glance	5	Green building design and construction	26	<b>Appendix</b>	<b>42</b>
Goals and progress	8			Performance data	43
Net zero update	9	<b>Our Inspired People</b>	<b>30</b>	Assurance statement	44
Awards and recognitions	10	Employee engagement	31	GRI index	46
		Diversity, equity, inclusion and belonging	33	SASB disclosure	51
<b>Ahead of What's Next</b>	<b>11</b>	Employee health and safety	35	TCFD disclosure	54
What makes us different?	12	<b>Resilient Communities</b>	<b>36</b>	GHG emissions rebaseline	59
Governance	15	Stakeholder engagement	37	Forward-looking statements	60
Supply chain responsibility	19	Economic and social impact	38	Glossary and definitions	61

## About this report

This report describes the 2022 performance of all Prologis-owned and -managed assets (exclusions are noted). It covers our two public co-investment vehicles, FIBRA Prologis (FIBRA) and Nippon Prologis REIT, Inc. (NPR), and the seven private funds<sup>1</sup> in our Strategic Capital business. Data is as of December 31, 2022, except where noted.

This report was prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021 and covers the topics identified by our most recent [materiality assessment](#). It aligns with the Sustainability Accounting Standards Board (SASB) 2018 Real Estate Standards and with the Task Force on Climate-related Financial Disclosures (TCFD). LRQA, Inc. has provided limited assurance using the AA1000 AccountAbility Principles (AA1000AP 2018).

Please email [esg@prologis.com](mailto:esg@prologis.com) with any questions or suggestions.

1. Prologis Targeted U.S. Logistics Fund (USLF), Prologis U.S. Logistics Venture (USLV), Prologis European Logistics Fund (PELF), Prologis European Logistics Partners (PELP), Prologis China Core Logistics Fund (PCCLF), Prologis China Logistics Venture (PCLV) and Prologis Brazil Logistics Venture (PBLV).

*On the cover:*  
Solar installation and electric truck charging stations at Torrance Distribution Center, Torrance, California.

## Some forty years ago,

my partners and I had a vision for a sustainable business. This was before anyone had heard terms like “corporate responsibility” or “ESG.” Our idea was to build long-term partnerships with our customers and communities. Our business would be based on mutual value creation, trust and respect.

Our 2022-23 ESG report describes how far we’ve come.

### Customer centricity and net zero

Today, Prologis has the highest-quality logistics real estate portfolio in the world, with 1.2 billion square feet in 19 countries. We build, own and operate modern facilities in the most desirable locations and are seen as a business partner that is continually focused on our customers’ needs.

Through Prologis Essentials, a unique suite of solutions, we’re able to address customers’ pain points in operations, energy + sustainability, mobility and workforce.

When we decide to take on a challenge, we set ambitious goals. That’s why we’ve committed to achieving net-zero emissions in our operations by 2030, and across our value chain by 2040. Importantly, this work supports our customers in their transition to clean energy and sustainable operations.

### An engaged local partner

For four decades, Prologis has been a committed community partner. Our local teams work closely with local government and community groups in both the development and ongoing operation of our properties. They are also active in a wide variety of business and nonprofit organizations.

Our commitment includes unique programs like our Community Workforce Initiative, where we provide workforce training, and Space for Good, where we donate logistics space to local nonprofits.

### Leading for the future

Our employees are the foundation of our success. We challenge them, invest in them and help grow their skills. In return, they demonstrate high engagement with a score of 87%, according to our latest engagement pulse survey. Our work in diversity and inclusion continues to drive results: 49% of our global workforce are women, and people of color account for 32% of our U.S. workforce.

As we look to the future, we remain committed to innovation, transparency and leadership. We invite you to join us on this journey—to stay engaged and ask the tough questions that will push us to the next level. Your ideas and input will help us stay ahead of what’s next.



Sincerely,

A handwritten signature in black ink that reads "Hamid R. Moghadam". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Hamid R. Moghadam  
Co-Founder, Chairman and CEO

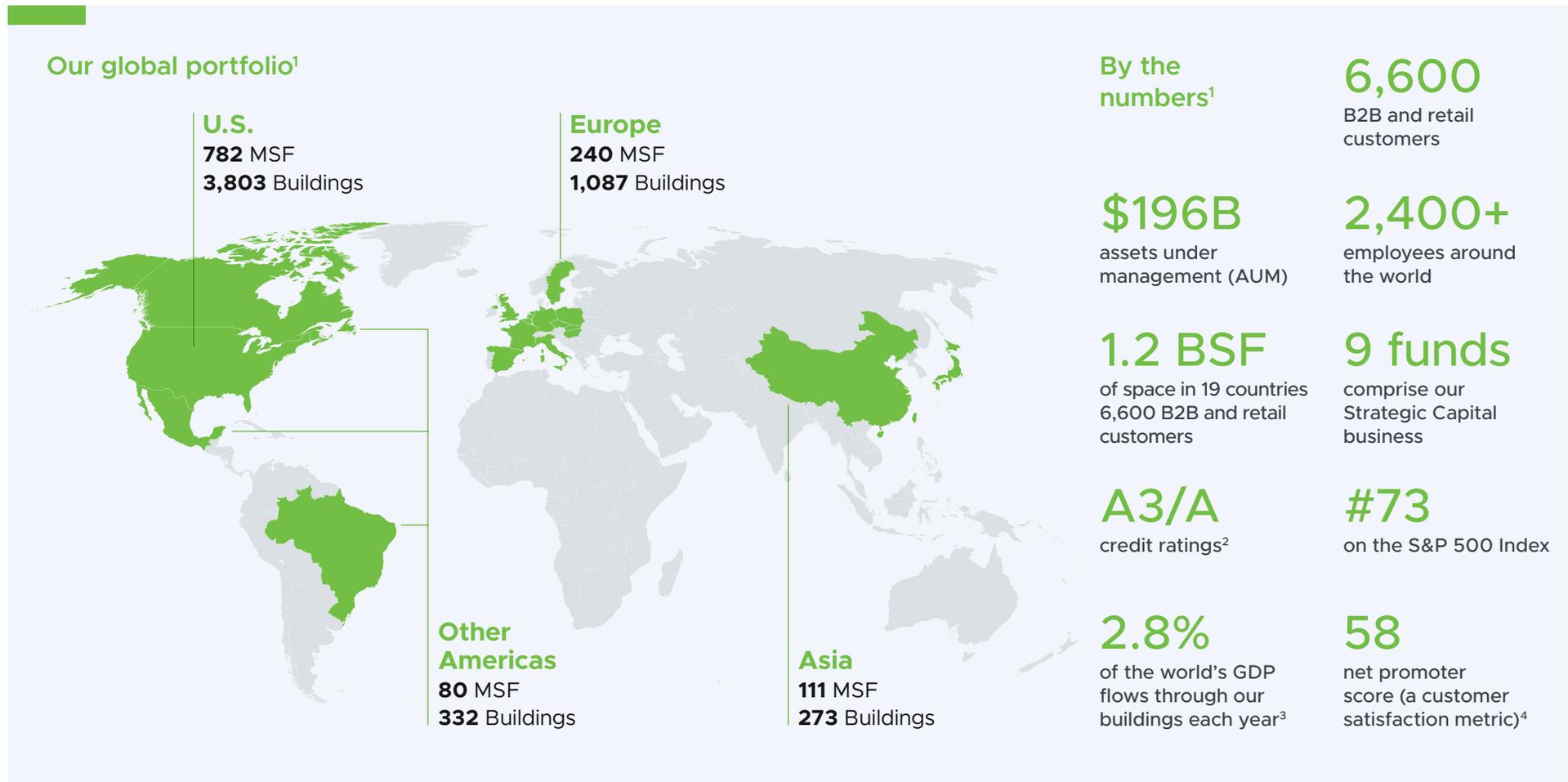
# Overview of Our Business



Prologis Global Headquarters,  
San Francisco, California.

# Prologis at a glance

Prologis is the global leader in logistics real estate. Every day, all over the world, we help growing businesses scale their supply chains and tackle the obstacles of time and space. Our innovative solutions cover many aspects of the logistics value chain, addressing customer needs in operations, energy + sustainability, mobility and workforce. Our approximately 5,500 logistics facilities are primarily located in high-quality global and regional markets to enable more efficient supply chain networks. We serve 6,600 customers across two major categories: business-to-business and retail/online fulfillment.



1. As of December 31, 2022.  
 2. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.  
 3. Based on 2022 data per Oxford Economics report  
 4. Net promoter score (NPS) is an indicator of customer loyalty, ranging from -100 to +100. A higher score is desirable.

### Vision, mission and values

Our vision is “enduring excellence.” We are dedicated to creating the next evolution of logistics facilities and services to support our customers’ growth. Our mission is to be the leading logistics real estate company as measured by customer service, employee engagement, financial performance and balance sheet strength. Our core values are Integrity, Mentorship, Passion, Accountability, Courage and Teamwork (IMPACT).

Diversity, equity, inclusion and belonging (DEIB) are vital aspects of our work. We describe our approach in [Inspired People](#).

### Strategy

We own, manage, lease and develop properties with a focus on high-barrier, high-growth markets. Our portfolio is focused on the world’s most vibrant centers of commerce and our scale across these locations allows us to better serve our customers’ needs.

With respect to sustainability and ESG, our strategy is to improve the resilience and efficiency of the global supply chain, creating significant value for communities, customers and individuals. Additional benefits to our company include reduced risk, differentiation of our brand and increased revenue and talent-recruitment opportunities. As part

of our approach, we engage with industry organizations to advance ESG best practices, both in the REIT sector and in the broader business community.

### Real estate operations

Real estate operations include our rental and development operations as well as capital deployment. With these capabilities, we build logistics facilities to our customers’ requirements (build-to-suit) or to meet the expected needs in a particular market (speculative). In 2022, we achieved a record \$4.86B of development starts. Our unparalleled land bank brings additional value to the business and allows us to continually develop in the world’s most desirable markets.

### Strategic capital

Prologis is the only public logistics REIT with a significant strategic capital business. This gives many of the world’s largest institutional investors an opportunity to co-invest with us. We operate nine co-investment vehicles: three funds open to future investment, four private funds and two Prologis-sponsored publicly traded funds, each focusing on delivering industry-leading, risk-adjusted returns with a superior investor experience. At year-end 2022, nearly half of Prologis’ assets under management (AUM) were in the funds.

Using a data-driven and integrated approach to ESG has helped us to create greater value for our customers, investors and communities.

**Suzanne Fallender**  
Vice President, Global ESG

### Prologis Essentials

With our Essentials platform, Prologis has a unique ability to provide end-to-end solutions in operations, energy + sustainability, mobility and workforce. With Essentials, our customers can maximize the value of the warehouse from day one. Solutions include warehouse efficiency, renewable energy, electric vehicle (EV) charging and workforce training.

# Year in Review

## Record revenue

We earned a company record of \$5.97 billion in revenue in 2022, driven by the strength of our portfolio and business model.



## Targeted growth

We completed the acquisition of Duke Realty Corporation, expanding Prologis' presence in key U.S. markets. Valued at approximately \$23 billion, the acquisition included 144 MSF of high-quality operating properties and 7 MSF under development. We also closed the 1.59-billion-euro acquisition of the "Urban Spaces" portfolio on behalf of Prologis European Logistics Fund (PELF): 128 buildings (12 MSF) and six developments in key urban gateway locations.



## Global impact

We commissioned a study by the independent advisory firm Oxford Economics, which found that \$2.7 trillion in goods pass through our distribution centers each year. This represents 2.8% of the world's gross domestic product (GDP) and 4% of the GDP in the 19 countries where we do business.



## Net zero

We increased our climate ambitions by announcing a goal to achieve net-zero emissions across our operations by 2030 and across our value chain by 2040. This goal is aligned with the Science Based Targets initiative's (SBTi) Net-Zero Standard and is supported by interim targets.



## Renewable energy

By year-end 2022, we surpassed 400 megawatts (MW) of solar generating capacity across our portfolio and achieved the #2 spot for onsite solar in the U.S., according to the Solar Energy Industries Association.



## Thought leadership

To showcase the incredible innovation taking place across the global supply chain, we hosted our signature thought leadership event, GROUNDBREAKERS, which featured an array of forward-thinking supply chain leaders and was viewed by more than 15,000 people around the globe.



## Community service

Our employees donated more than 14,500 hours to community organizations, including more than 8,500 hours on IMPACT Day, our annual global day of service.



# Goals and progress

Our goals demonstrate our ambition, create accountability and drive alignment with our business strategy. They are influenced by our stakeholders and by frameworks such as the UN Sustainable Development Goals (SDGs). We increased our emissions-reduction and renewable energy goals in 2022, and announced a new workforce inclusion goal in 2023.

SDG	GOAL	STATUS	2022 PROGRESS
<b>13</b> CLIMATE ACTION	<b>Net-zero emissions.</b> Achieve net-zero emissions across our operations (2030) and value chain (2040) from a 2019 baseline. This goal is aligned with the Science-Based Targets initiative's (SBTi's) Net-Zero Standard. <sup>1</sup>	On track	Reduced <sup>2</sup> year-over-year Scope 1 and 2 emissions by <b>53%</b> (64% from our 2019 baseline) and Scope 3 emissions by <b>6%</b> (20% from our 2019 baseline).
<b>13</b> CLIMATE ACTION	<b>Carbon Neutral Construction.</b> Achieve 100% carbon neutral construction by 2025.	On track	Offset <b>40%</b> of estimated construction-related greenhouse gas (GHG) emissions.
<b>7</b> AFFORDABLE AND CLEAN ENERGY	<b>Renewable energy.</b> Install 1 gigawatt (GW) of solar capacity supported by storage by 2025 (800 MW solar, 200 MW storage).	On track	Achieved <b>405 megawatts</b> (MW) of installed capacity. <sup>3</sup>
<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE	<b>Building certifications.</b> Achieve a sustainable certification for every eligible new development and redevelopment. <sup>4</sup>	On track	Achieved, or in progress of achieving, sustainable building certifications for <b>100%</b> of eligible projects.
<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE	<b>LED lighting.</b> Install 100% LED lighting in all warehouse and office space across our portfolio by 2025.	On track	Achieved LED lighting across <b>71%</b> of the warehouse and office space in our portfolio. <sup>5</sup>
<b>10</b> REDUCED INEQUALITIES	<b>Workforce inclusion.</b> Achieve two DEIB certifications by 2025: Management Leadership for Tomorrow's "Black Equity at Work" and "Hispanic Equity at Work."	On track	Established a new goal in 2023.
<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES	<b>Community engagement.</b> Achieve 75,000 hours of volunteer time supporting our local communities around the globe by 2025 (2019 baseline).	On track	Donated more than <b>14,500</b> hours in 2022, bringing our total to approximately <b>38,000</b> hours donated since 2019. <sup>6</sup>
<b>8</b> DECENT WORK AND ECONOMIC GROWTH	<b>Logistics workforce training.</b> Train 25,000 people in logistics by 2025 (2018 baseline) through our Community Workforce Initiative.	On track	Trained <b>10,119</b> people in 2022, bringing the total to approximately <b>21,000</b> people since 2018. <sup>7</sup>
<b>17</b> PARTNERSHIPS FOR THE GOALS	<b>Ethics.</b> Ensure 100% of employees complete ethics training each year.	Achieved	Ensured that <b>100%</b> of our employees completed ethics training.

1. Details of our emissions re-baseline, completed in 2022, can be found in the report appendix. Validation that our current net-zero goal is aligned with SBTi's Net Zero Standard is pending. Prior (validated) SBTi goals were: Reduce Scope 1 and 2 GHG 21% from a 2016 baseline by 2025 and reduce Scope 3 GHG 15% from a 2016 baseline by 2025.  
 2. Following the Duke acquisition, we consolidated direct operations (divested from Duke-occupied offices and sold mobile assets) and then, as required by the GHG Protocol, re-baselined GHG emissions to determine what they would have been had the portfolios been combined in 2019, 2020 and 2021. Our 2022 consolidation of direct operations results in a 53% year-over-year decrease (64% from our 2019 baseline) in our 2022 reported Scope 1 and 2 emissions.  
 3. Within our owned and managed portfolio. Does not include properties from the Urban Spaces acquisition.  
 4. A project may receive a certification once built and stabilized. 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.  
 5. Within our owned and managed operating properties. Does not include properties from the Duke and Urban Spaces acquisitions.  
 6. Historical data, including cumulative total, has been updated. Previously reported data included staff time to support community programs.  
 7. Historical data has been updated. 2018-2019 data is not included in cumulative total. 2020-2022 data includes participants in the online program only.

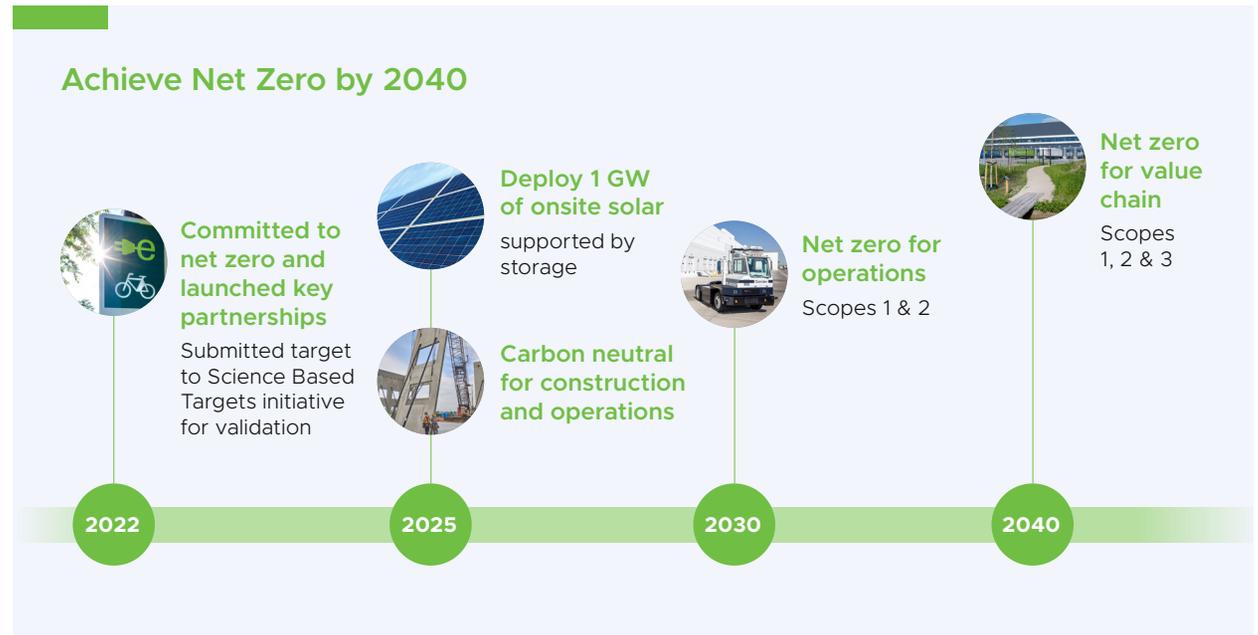
# Net zero update

In June 2022, we announced a goal to achieve net-zero emissions across our operations and value chain (Scopes 1, 2 and 3) by 2040. This goal is aligned with the SBTi's Net-Zero Standard. It makes us a better partner to our customers, who are also working to reduce their carbon footprints.

At year end, we reported progress against several interim targets:

- **1 GW of solar, supported by storage, by 2025.** At year end, we had 405 MW of solar, up from 285 MW at year-end 2021.
- **Carbon-neutral construction by 2025.** We purchased carbon offsets for approximately 40% of our 2022 construction-related GHG emissions, an increase from 20% in 2021. We also completed life cycle assessments for six distribution centers to improve our understanding of our construction-related emissions.
- **Net zero for operations by 2030.** In 2022, we are reporting a year-over-year decrease of 53% (64% from our 2019 baseline) in our Scope 1 and 2 (operational) emissions.<sup>1</sup>

We also updated our **design standards** for new buildings and retrofits: Every eligible development or redevelopment will be rooftop-solar ready. In addition, where feasible, we require the installation of more efficient lighting and the electrification of onsite equipment. For new construction, a lifecycle



analysis of the GHG impacts of the building must be completed and the building must be made EV-charging ready.

**Collaboration and innovation** will be key to achieving net zero. In 2022, we continued to participate in MIT's [Climate & Sustainability Consortium](#). We are identifying additional partnerships where we can drive innovation in construction methods and materials. We also piloted solutions such as vertical solar, which expands generation capacity, and self-healing concrete.

To better understand both impact and opportunities, we engaged a third party to **review our carbon emissions**. This included a review of our method of calculating our emissions, the inclusion of recently acquired properties and the establishment of 2019 as our new baseline year for measuring progress toward our GHG emissions reduction goals.

For more detail on our emissions data and climate strategy, please see [Sustainable Logistics](#).

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# Awards and recognitions

The following is a selection of recent ESG-related awards and recognitions.

 <p>Member of <b>Dow Jones Sustainability Indices</b> Powered by the S&amp;P Global CSA</p> <p>2022</p> <p>S&amp;P Global – Dow Jones Sustainability World Index (top 10% globally) – Prologis and Nippon Prologis REIT</p>	 <p>GRESB REAL ESTATE</p> <p>2022</p> <p>Green Star recognition for all Prologis and all Prologis funds (7th consecutive year)</p> <p>Regional Sector Leader in the Americas</p>	 <p>Prologis 2022 USGBC Leadership Award Recipient</p> <p>2022</p> <p>U.S. Green Building Council Leadership Award</p>	 <p>Nareit Leader in the Light 2022 ESG Award Winner</p> <p>2022</p> <p>Industrial “Leader in the Light” (11th consecutive year)</p> <p>Investor CARE Award (Gold)</p>	 <p>2021</p> <p>HRH The Prince of Wales Terra Carta Seal (one of only 45 global companies)</p>
 <p>Institutional Investor</p> <p>2022</p> <p>All-America Executive Team Rankings REIT Sector (#1 CEO, CFO, IR Professional, Investor Relations, ESG, and Communication and Crisis Management during COVID-19)</p>	 <p>MSCI ESG RATINGS AA</p> <p>“AA” Rating<sup>1</sup></p>	 <p>Green Street</p> <p>2022</p> <p>A leading REIT in Corporate Governance (20th consecutive year)</p>	 <p>Corporate ESG Performance RATED BY ISS ESG Prime</p> <p>ISS Corporate ESG Rating of “Prime”<sup>2</sup></p>	 <p>BARRON'S</p> <p>2023</p> <p>10 Most Sustainable REITs</p>

1. As of December 7, 2022.  
2. As of April 4, 2022.

# Ahead of What's Next

Staying ahead of what's next is in our company's DNA. Every day, we leverage the scale of our global real estate portfolio and our key position in the supply chain to advance innovation and demonstrate ESG leadership in our industry and beyond.

## \$180M

Prologis Ventures has invested more than \$180M in nearly 40 companies since 2016, including to support ESG-related solutions.

## 20 years

We've been named a leading REIT in corporate governance for 20 consecutive years (Green Street).

## Top 10%

Prologis was included in the Dow Jones Sustainability Index – World for ESG performance among the top 10% of companies globally.

## 10%

of our employee bonus scorecard is linked to quantitative ESG metrics.



Bermudez Industrial Center,  
Juárez, Mexico.

# What makes us different?

Prologis has the spirit of a startup and the resources and experience of a mature business. We have the scale and resources to identify, test and implement a wide range of solutions for our customers. As a long-term owner, we ensure that our teams are part of the fabric of the communities where we operate.

We strive to stay ahead of what's next. We encourage employees to “simplify and sprint” and “fail fast.” It is not uncommon to hear company leaders say, “We might not get it right the first time, and that’s OK.”

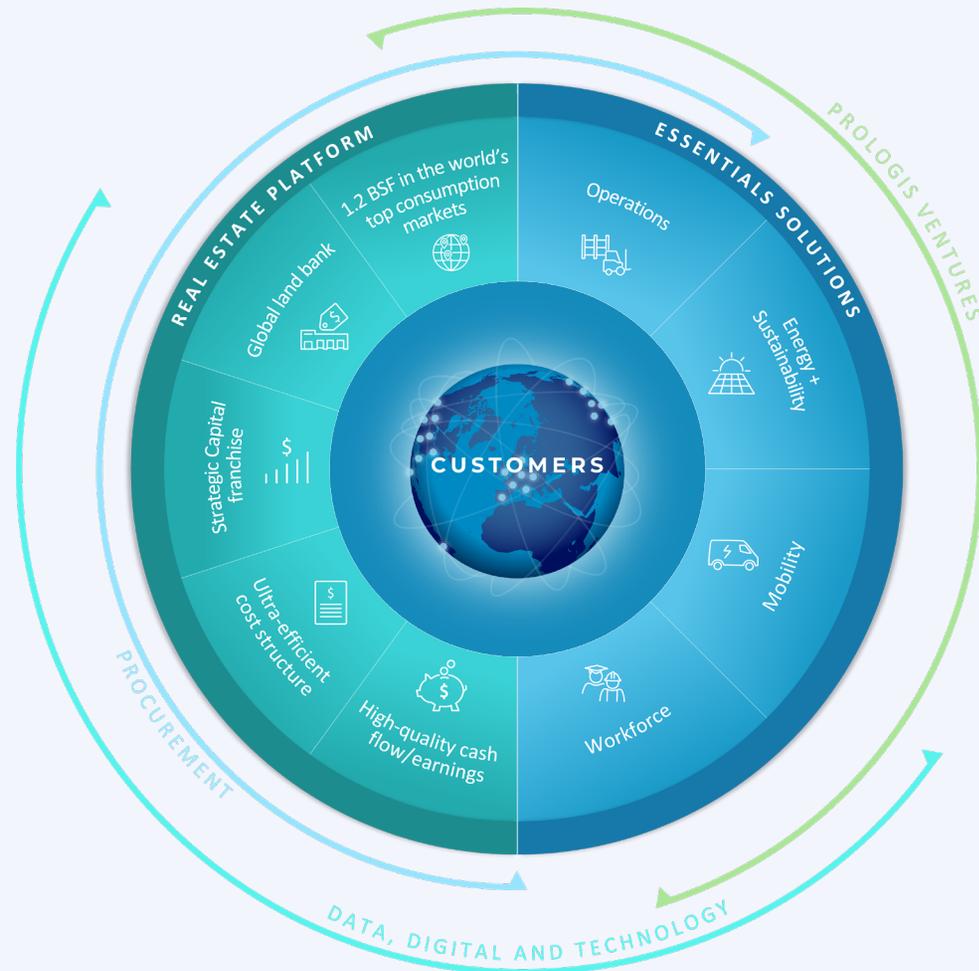
This culture of innovation helps us to constantly experiment. Our “3Cs” describe what we value and how we work:

- Customer Centricity
- Change through Innovation and Operational Excellence
- Culture and Talent

We take the time to say “thank you” to our customers. Our customer appreciation efforts in 2022 included nearly 100 events across our portfolio: a children's day in Poland (giant inflatables, face painting and sports games), tea and cookies in Japan (plus fundraising to support those impacted by the war in Ukraine) and a catered Italian lunch in Los Angeles.

## The next evolution in logistics real estate

Our customers are at the center of all we do. We innovate to provide them with data- and technology-driven solutions in real estate and beyond.



We take our role as an industry leader seriously. Our annual GROUNDBREAKERS thought leadership forum provides an opportunity for robust discussion of key trends and new ways of working and thinking. At our most recent forum in October 2022, a range of visionary leaders shared their ideas on transforming the global supply chain with more than 15,000 viewers.

Our Global Insights and Research group provides ongoing and thoughtful analysis on worldwide market dynamics and key demand drivers for logistics real estate. The team uses proprietary data, third-party data and key internal partnerships to:

- Establish a dependable and comprehensive view on the economy and the real estate market.
- Develop methodologies that can put markets and properties in a global context to facilitate comparisons and investment decisions.
- Provide guidance as to how changes in market trends may affect fund performance.
- Forecast future operating conditions, including critical market inflection points.
- Produce white papers, trend reports and outlooks to inform current and potential investors on factors that influence real estate performance.

According to the group's [latest supply chain predictions report](#), demand for warehouses with sustainable features, such as rooftop solar and EV truck charging, will continue to increase. Contributing factors include energy price volatility and the increasing number of companies with net-zero targets. The report also predicts notable increases in warehouse demand in Mexico (driven by a preference for nearshoring) and Texas (driven by economic growth and high barriers to development in other states).



### A culture of innovation and learning

“I like to remind myself and others that we don’t always have all the answers, so we need to make the best decision with what we know and move forward.”

**Lori Palazzolo**, Managing Director, Chief Accounting Officer

“I prioritize helping our teams accelerate the pace of internal innovation to grow our green energy footprint and develop unique external partnerships to create more value for our customers and advance community solar projects.”

**Vibhu Kaushik**, Global Head of Energy, Utilities and Storage

“I spend a lot of time thinking about and reflecting on things like, 'How do I enable others to succeed? How do I create a culture where it feels comfortable taking risks and innovating?'”

**Steven Hussain**, Vice President and Head of Government and Community Affairs

“I focus on embracing change as we create global standards and procedures. This improves building construction quality and speeds up scheduling, which ultimately provides a lot of value to a customer who can get into their space even more quickly.”

**Forrest Etter**, Design and Construction Innovation Director

“Prologis has given me the opportunity to grow faster than any other company in terms of knowledge and responsibilities—and to leave my comfort zone and embrace constant learning in an enriching, multicultural environment.”

**Begona Sordo**, Marketing & Communications Manager

Since its launch in 2016, **Prologis Ventures** has invested more than \$180 million in nearly 40 early- and growth-stage companies across three main verticals: supply chain transformation; digital buildings and infrastructure; and real estate and construction. Recent Ventures investments have included:

[Altana](#), a supply chain intelligence platform that partners with government and private sector institutions to identify risk throughout the supply chain.



[Logiwa](#), a warehouse management software (WMS) company purpose-built to manage the complexities of high-volume e-commerce fulfillment operations.



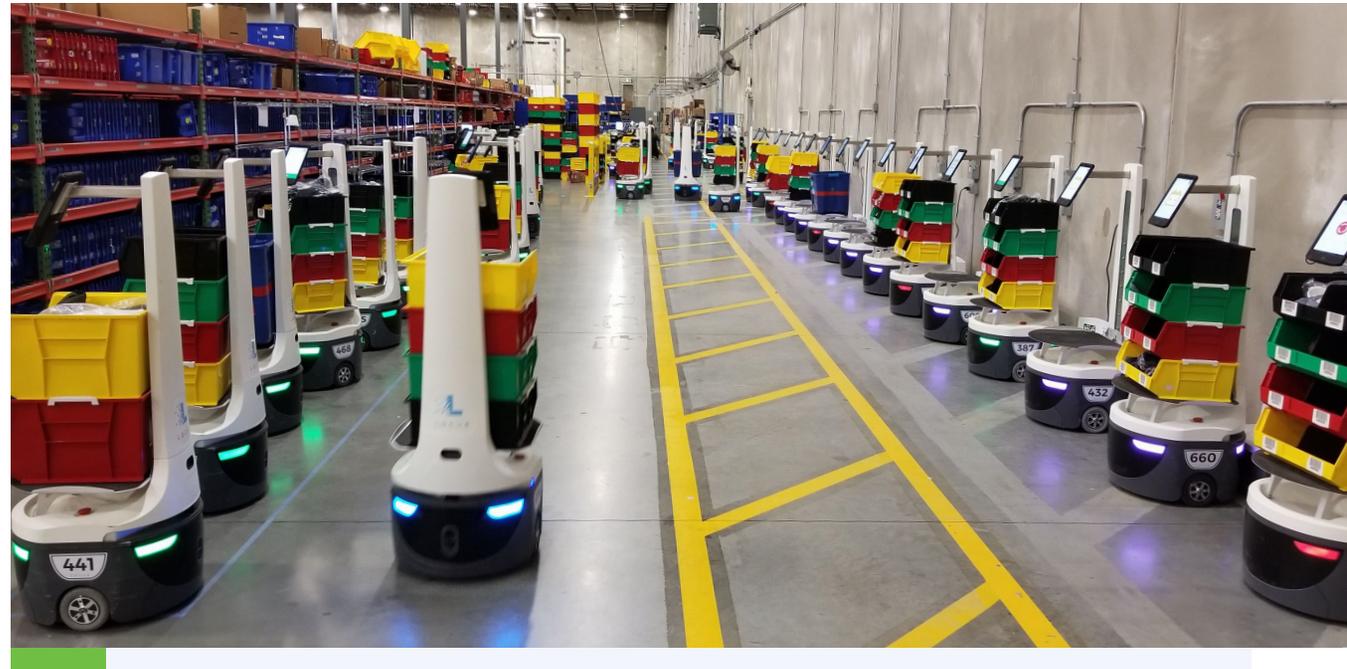
[Pandion](#), a purpose-built shipping platform for one- and two-day e-commerce delivery, powered by intelligence and data.



[SITE Technologies](#), an asset management and data analytics platform built for enterprise property managers.



[SOLARCYCLE, Inc.](#), a solar panel recycling company that uses a proprietary process to extract up to 95% of the materials in a solar panel, addressing both end-of-life and supply chain challenges.



### Innovation at Prologis takes many forms, from bolts to bots.

When the storage racking in a distribution center needs to be removed, standard anchor bolts can damage the concrete floors, which leads to delays and customer concerns.

An idea submitted to our European Innovations Group led to the widespread use of a special kind of bolt called the “Hilti bolt.” Although Hilti bolts are more expensive, they are reusable; don’t damage floors; and are quicker to remove and install.

The result? Projected cost savings of €31 million across our European portfolio, quicker move-in times and improved customer satisfaction.

Another example of innovation comes from the world of robotics. In 2020, Prologis Ventures invested in Locus Robotics, a robotic automation process company focusing on warehouses. The idea was to make the most of every square foot in a distribution center through the use of robots that work with people, improving efficiency.

Just two years later in 2022, Locus Robotics’ technology has been adopted across dozens of our customers’ distribution centers, and is well on its way to becoming the standard against which other logistics robotics technologies are measured.

# Governance

Our culture, policies, systems and processes guide how we do business: We focus on serving our customers and encourage integrity, accountability and sound decision-making across our company. Wherever possible, we set goals and base decisions on data—a continuing area of focus.

## Board oversight

The Prologis board of directors serves our stockholders' best interests; sets company strategy; and provides independent and experienced oversight. The board has four standing committees:

- Audit Committee
- Board Governance and Nomination Committee
- Talent and Compensation Committee
- Executive Committee

Ninety-one percent of the members of the board nominated for election at our 2023 annual meeting of stockholders qualified as independent, according to the principles and standards established by the New York Stock Exchange. Our latest [Proxy Statement](#) describes the rights and responsibilities of our lead independent director and provides detail on each board member's qualifications and experience.

By committee charter, the Board Governance and Nomination Committee oversees ESG matters and updates the full board on ESG developments, such as our process for assessing climate change risks and our performance against our ESG goals (including our net-zero goal). Other board committees provide oversight on relevant ESG topics:

- Our Audit Committee oversees the development of data systems and disclosures to comply with emerging regulation.
- Our Talent and Compensation Committee oversees human capital development and DEIB performance, initiatives and related risks.

The Prologis board believes that diversity promotes robust discussion and the consideration of a range of viewpoints. Our board governance guidelines state:

*In any formal search for new directors, the Board Governance and Nomination Committee will consider, and will instruct any third-party search firm to include, candidates from diverse backgrounds, including in its initial list both gender and racial/ethnic diversity.*

## Board diversity<sup>1</sup>

### Gender

Women  
27%



Men  
73%

### Ethnic/Geographic

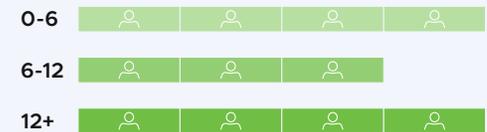
West Asian  
18.2%

African American  
9.1%



White/Caucasian  
72.7%

## Number of Directors (by years of tenure)



## 6 new directors

in the last eight years

1. Directors nominated for election at our 2023 annual meeting of stockholders. One director has self-identified as African American and two directors have self-identified as West Asian/Middle Eastern/Asian American—as a result, 27% of our board is ethnically diverse.

### Ethics, compliance and human rights

We hold our employees and board members to the highest ethical standards and seek to do business with customers and business partners who share our values. We describe our expectations for suppliers in [Supply Chain Responsibility](#).

Our **ethics and compliance program** reflects our commitment to integrity. Each year, every active employee completes training on topics covered in—and acknowledges their understanding of—our [Code of Ethics and Business Conduct](#) (referred to as “The Code”). The Code has been translated into 15 languages and covers company policies, including our Anti-Corruption and FCPA Policy and our Insider Trading Policy. It also includes language on equal employment; nondiscrimination; antitrust and fair dealing; political activities and contributions; conflicts of interest; bribery; retaliation; and discrimination and harassment. Non-U.S. employees receive special training on the FCPA and our internal audit group conducts an annual audit of FCPA compliance.

Employees and other stakeholders may report any ethical issue or concern via our ethics helpline, or they may contact their supervisor, their supervisor’s supervisor, human resources, the ethics and compliance team or any member of the Ethics Committee. The helpline gives stakeholders the option to report [online](#) or via phone (1-888-359-6331 from the U.S. and Canada; instructions for calling from other countries are available



here). It is administered by a third party and is available 24 hours a day, seven days a week. Prologis maintains a policy of anti-retaliation against anyone who reports a concern in good faith or participates in an investigation.

In 2022, Prologis received and investigated nine helpline inquiries and took appropriate corrective action. One of these inquiries, since resolved, was unresolved at year end.

Prologis’ chief legal officer and general counsel, chief human resources officer, chief financial officer and chief compliance officer sit on our Ethics Committee. In addition to other responsibilities, this committee provides ethics-related advice and guidance to employees and investigates any reported incidents of potential noncompliance. Any significant concerns are reported to the Audit Committee of our board of directors in accordance with The Code and the Audit Committee Charter.

We are committed to operating our business in an ethical manner that protects **human rights**. Our [Global Human Rights Policy](#) outlines our commitment to:

- Fair hiring, compensation and promotion.
- Prevent the use of child and indentured or forced labor, including in our supply chain.
- Maintain a safe and healthy work environment.
- Follow all applicable laws and regulations that govern working hours, guarantee fair and equal compensation, and protect the right to collective bargaining and freedom of association.

Our Ethics and Compliance and ESG departments are responsible for this policy and for tracking emerging issues and regulations. We had no significant human rights issues In 2022.

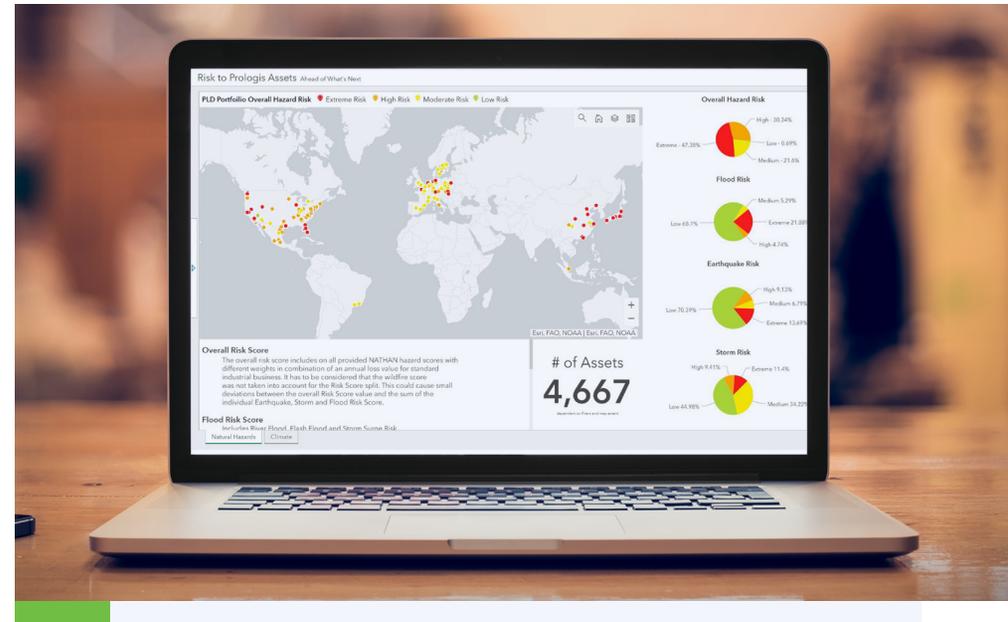
## Risk management

Effective risk management can help us achieve strong business outcomes. Our risk assessment processes include scenario testing, audit controls, probabilistic modeling and input from third-party experts. Risk assessment findings are reported to the executive committee, audit committee and board of directors.

We use a global risk management framework to identify, assess and manage risks facing our company and industry. Examples include:

- **Investment Committee:** All material capital deployment (development, acquisitions and dispositions) is subject to review by our Investment Committee (IC), which evaluates investment considerations as well as environmental matters; natural hazard exposures; and legal and regulatory considerations. Our CEO and chairman, vice chairman, president, COO, CFO, chief customer officer (CCO) and several other senior leaders serve on this committee.
- **Cybersecurity:** We use robust and constantly changing measures to defend against emerging cyber risk scenarios. We review our cybersecurity posture through regular participation in a third-party security benchmarking survey. Our IT infrastructure is externally audited as part of our Sarbanes Oxley audit process, and our controls include information security standards following the NIST Framework. Our Information Security Policy includes mandatory annual training for all employees. To our knowledge, no material information security or privacy incidents occurred in 2022.
- **Climate Risk:** In 2022, across our portfolio, there were 34 instances when natural hazard events resulted in insurance claims. These included windstorms, severe storms and extreme cold weather. Our planning and risk mitigation measures protected our customers' business continuity: Only two of these events led to business-continuity-insured damage in excess of \$500,000. Additional detail on how we manage climate risk may be found in the [report appendix](#).

More Information on risk can be found in the "Risk Factors" section of our [10-K](#).



### A tool for evaluating climate risk

We've developed a climate risk tool for evaluating risk across our portfolio.

The tool uses data from a leading global reinsurer, including a range of natural hazard factors and three GHG emissions trajectory scenarios. A proprietary dashboard helps Prologis leaders assess the potential impacts of more extreme climate conditions, including more frequent and intense natural disasters. Through our use of this tool, we can be more strategic in how we improve our assets to make them more resilient.

In the coming years, the United States Securities and Exchange Commission (SEC) may require material assessment of the positive and negative impacts of climate change and natural hazards. Our approach to climate risk, including our use of this tool, helps us to prepare for these disclosure requirements.

### ESG governance

Our integrated approach to ESG reduces risk, improves efficiency, differentiates our brand and expands revenue and talent-recruitment opportunities. This includes our work to minimize construction impacts, manage buildings more efficiently and provide services such as renewable energy, EV charging and workforce development—all activities that benefit our customers and the communities we serve. In the last year, we made significant investments in ESG data management, including adding new data systems and automation tools and conducting a third-party review of our emissions data. Our [ESG Policy](#) provides additional detail on our overall approach to ESG. [Stakeholder Engagement](#) outlines our approach to interacting with different stakeholders. This includes the periodic completion of a materiality assessment to focus our ESG efforts, including ESG reporting, on topics most relevant to our company and our stakeholders.

In 2022, ESG performance represented 10% of our bonus scorecard. Environmental metrics included MW of solar and amount of LED lighting installed. Social metrics included culture, talent and inclusion scores and the number of new participants in our Community Workforce Initiative. Governance metrics included third-party assessments of our corporate governance performance. In 2023, we will continue to tie ESG performance to our annual bonus scorecard. Please see our latest [Proxy Statement](#) for more detail.

### ESG governance creates accountability and drives action



### Delivering on our ESG aspirations is everyone's business



# Supply chain responsibility

We depend on our suppliers for the goods and services essential to the operation of our business. We work to maximize the positive impact—and minimize any negative impact—of our procurement. Procurement categories include, but are not limited to:

- General contractors
- Steel joists and decking
- Electrical and lighting
- Roofing systems
- Heating and cooling systems

Our domestic and global scale allows us to procure goods and services in a strategic, competitive and responsible manner. We pass this value on to our customers when we deliver high-quality goods and services at reduced costs and impacts. In the U.S., as an example, we purchase the majority of our steel for new construction from a company that produces this commodity using at least 80% recycled content, while also securing best-in-class pricing and lead times.

Our [Supplier Code of Conduct](#) outlines our expectations for supplier practices, including the use and conduct of subcontractors. Suppliers must:

- Prohibit the use of involuntary and child labor.
- Provide a safe and healthy work environment, free of discrimination and harassment.
- Reduce energy and water consumption and implement waste-minimization programs.

An independent third party evaluates potential suppliers to ensure they meet our standards. As part of our supplier screening process in the Americas, we collect information about several ESG topics, including diversity and safety.

For information on our approach to supplier diversity, please see "[Procurement](#)" in Diversity, equity, inclusion and belonging.



## Vendor performance optimization

In 2022, we developed a scorecard for our operating-expense vendors that includes four metrics: customer satisfaction, Prologis satisfaction (including adherence to our [Supplier Code of Conduct](#)), responsiveness to customer tickets and compliance with service-level agreements. Each quarter, we review vendor performance and contact those who score below 80% to develop a plan for improvement.

### Procurement Team

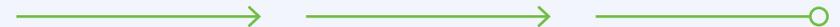
Reviews quarterly vendor score and makes recommendations for low-performing vendors.

### RECX Team

Meets with vendor to develop plan to make needed improvements.

### Preferred Vendor

Improves performance or is removed from "preferred" list.



# Sustainable Logistics

Our approach to sustainable logistics is customer-centric. We help our customers reduce their energy use and emissions—and provide them with on site energy generation, energy storage and mobility solutions.

## 2040

We have committed to achieve net-zero emissions in our operations (by 2030) and across our value chain (by 2040).

## #2

In 2022, we were ranked #2 for onsite solar in the U.S., according to the Solar Energy Industries Association.

## \$9.27B

Since 2018, we've issued 27 green bonds worth \$9.27B to help fund green building design and innovation.

## 71%

We have installed LED lighting across 71% of our operating properties, by area.



Prologis Park Palmer Lakes Airport East, Miami, Florida

# Climate strategy

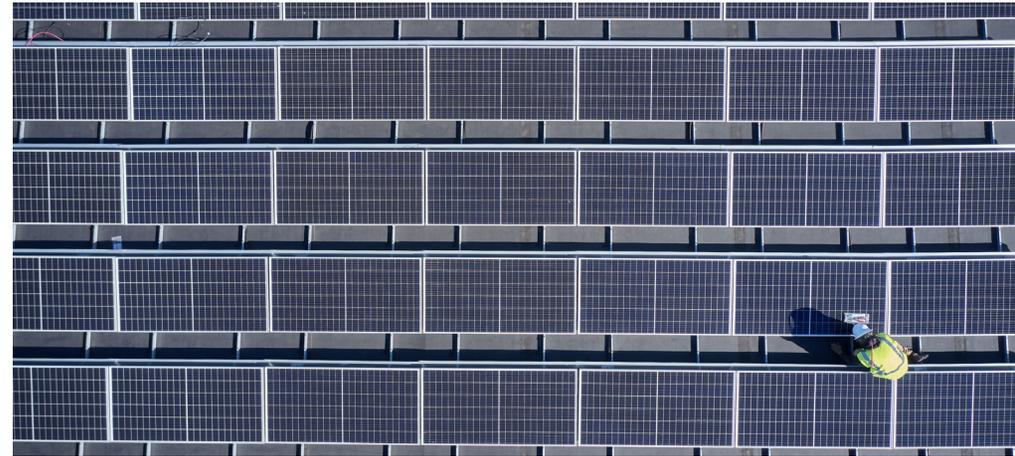
As the global leader in logistics real estate, we must act with urgency to help mitigate the impact of climate change.

Our climate strategy is driven by our focus on customer centricity. Our customers want to reduce their impact and emissions. We help them do this by operating our facilities as efficiently as possible. This includes providing a suite of sustainability, renewable energy and mobility solutions. In many cases, this work supports local communities by providing the local utility with additional energy and energy storage to support grid resilience. We also site our buildings in the urban cores of many of the world's largest population centers, shortening delivery routes, cutting delivery times and reducing supply chain-related emissions.

Customers today are looking for a partner who can help them achieve their sustainability goals in innovative new ways and support them in running their businesses as effectively as possible. This is my focus every day.

— **Susan Uthayakumar**, Managing Director, Chief Energy and Sustainability Officer

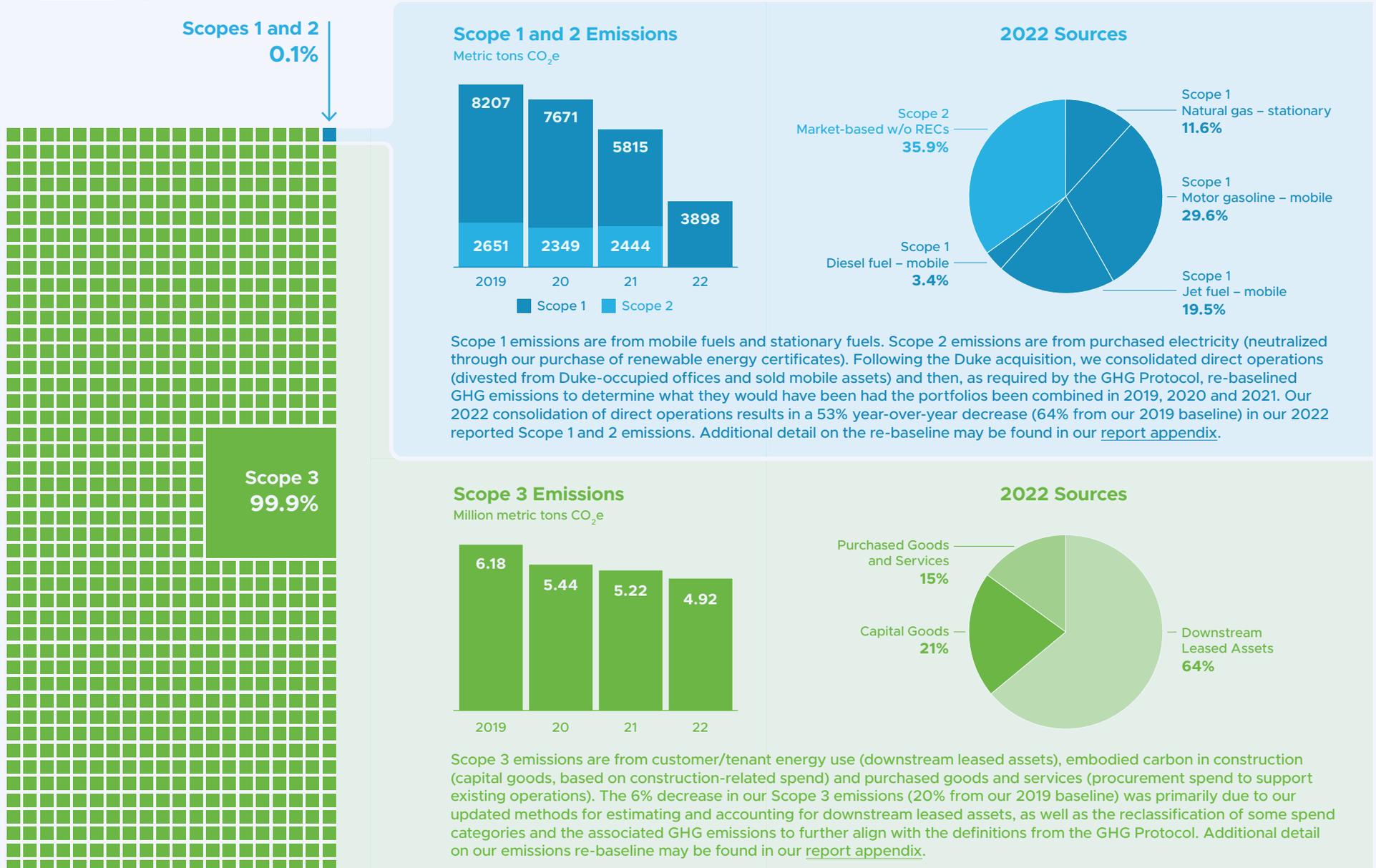
In 2022, we set a goal to achieve net-zero emissions across our operations by 2030 and across our value chain by 2040. This industry-leading goal is aligned with SBTi's Net-Zero Standard, an important differentiator. We provide a status update on progress toward this goal in [Net zero update](#).



Sustainability solutions: Solar installation, Prologis Park Cranbury, Cranbury, New Jersey (top); EV charging at Prologis Torrance 1, Torrance, California (bottom left); Carbon reduction technology for concrete (bottom right).

## GHG emissions<sup>1</sup>

In consultation with an independent third party, we have updated our 2019-2021 greenhouse gas emissions to reflect changes to our business (recent acquisitions), improvements to our emissions methodology and a new baseline year for our science-based net-zero target. Additional detail may be found in the [report appendix](#) and on our [ESG Data](#) page.



1. Our prior science-based target, set in 2018, was to reduce 2016 scope 1 and 2 emissions 21% – and scope 3 emissions 15% – by 2025. Our current emissions goal – to achieve net-zero emissions from a 2019 baseline by 2040 – will be validated by the Science Based Targets initiative under its Net Zero Standard.

# Driving sustainability for our customers

We drive customer sustainability through the [Prologis Essentials platform](#), the Prologis Clear Lease® and implementation of sustainable building practices.

Through the Prologis Essentials platform, we provide a suite of customer solutions beyond those of a traditional warehouse. These include renewable energy, sustainability, mobility and energy efficient operations. These solutions can reduce customer emissions, costs and environmental impact—and can help our customers achieve their own sustainability goals.

The [Prologis Clear Lease](#) plays an important role in driving customer sustainability. It includes language that supports our efforts to receive customer utility data which, in turn, creates opportunities to install sustainable building features such as rooftop solar.

Our work in green building design and construction also supports customer sustainability.

## Energy + Sustainability

Prologis began installing rooftop solar in 2007. With onsite rooftop solar and energy storage, we can, in many cases, meet 100% of a customer's onsite energy needs. At year-end 2022, we had more than 400 MW<sup>1</sup> of solar generating capacity across our portfolio, with

a goal of 1 GW of solar and storage by 2025. As we plan for the future, we are evaluating purchasing offsite renewable energy to meet additional energy demand from automation, electrification and EV charging. Our Energy + Sustainability solutions include:

- **SolarSmart** and **StorageSmart**: We build, operate and maintain rooftop solar systems and energy storage to generate and store energy for customers in markets where “behind the meter”<sup>2</sup> solar is allowed. In 2021 and 2022, more than 100 customers (including five of our 25 largest customers) participated in this program.
- **SolarX** and **StorageX**: We provide clean energy to local communities across our portfolio. As an example, in 2022 we announced plans to install more than 5 MW of solar panels on five existing buildings in Southern California, then sell this renewable electricity to the local utility provider, Clean Power Alliance. Eventually, these solutions may have the scale to improve grid reliability and local air quality.
- **LED Essentials**: We help our customers upgrade to LED lighting with no upfront capital costs. They can reduce their lighting-related energy use by 60-80% and enjoy the benefits of LEDs: improved safety, productivity and employee satisfaction. At year-end 2022, we had installed LED lighting across 71% of the warehouse and office space in our



## Solar capacity

MW, including projections



- portfolio.<sup>3</sup> By 2025, we intend to reach 100%.
- **Smart metering**: We provide sensor-controlled smart meters linked to a mobile app. Customer benefits include better management of utility consumption, analysis of facility operations (which can improve energy efficiency and reduce costs), access to utility financial data and, in many scenarios, the ability to control temperature, humidity and pressure levels.

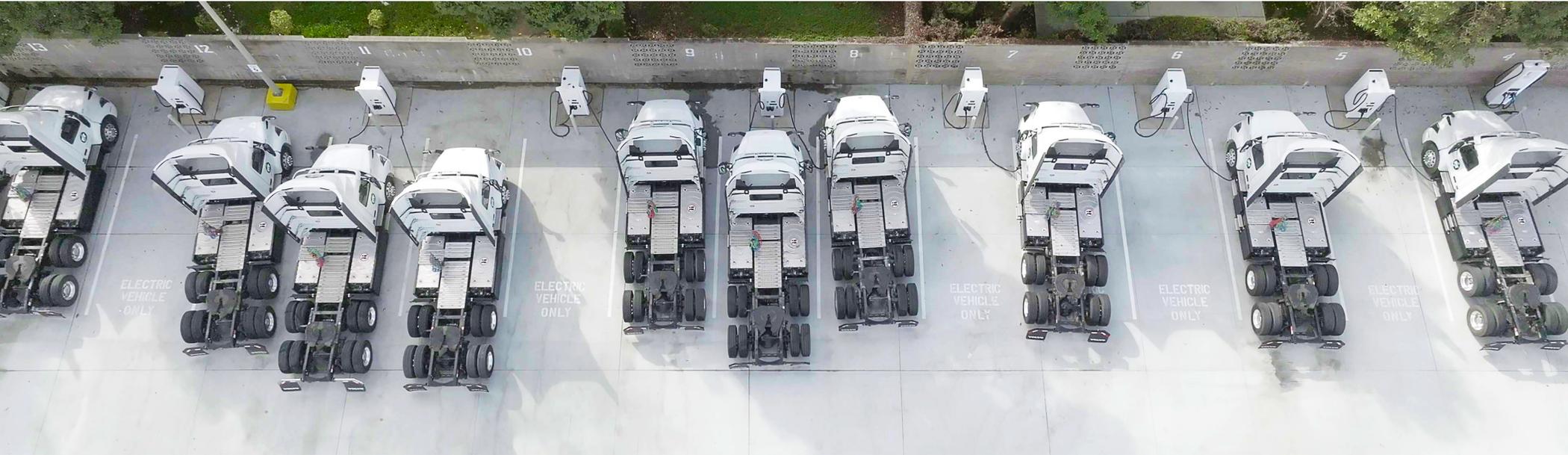
1. Within our owned and managed portfolio. Does not include properties from the Urban Spaces acquisition.  
 2. Electricity generation that does not feed into the local utility's grid.  
 3. Within our owned and managed operating properties. Does not include properties from the Duke and Urban Spaces acquisitions.

**Mobility**

Government mandates in California, New York, New Jersey and other markets are creating pressure for our customers to transition their fleets to zero-emissions vehicles. By partnering with **Mobility Essentials**, our comprehensive mobility solutions platform, our customers can power their EV fleets at our logistics facilities. This helps our customers minimize route deviations (which would be needed if they had to charge elsewhere)

and make better use of dwell time (when a vehicle is loading or unloading). By supporting the transition to EV fleets, Mobility Essentials also helps our customers make progress toward their sustainability goals. Services include EV charging and alternative fueling (hydrogen); autonomous yard trucks; last-mile routing solutions; and fleet management services. We design, deliver, finance and operate these projects as a service to our customers and their logistics partners.

Our portfolio includes EV charging operations across four continents, providing charging to our customers' employees' personal EVs as well as commercial vehicles. In 2022, we activated two electric truck charging installations that together can charge 38 Volvo VNR Electric Class 8 battery-electric trucks simultaneously. In 2023, we committed that every eligible new development will be built to be EV ready. By year-end 2023, we expect to be managing approximately 20 EV charging facilities across our portfolio.



EV Truck Chargers, Santa Fe Springs, California.



**Operational efficiency**

We improve the way we manage our buildings on an ongoing basis. This includes installing LED lighting and using cool roofs to reduce summertime energy use. Our internal innovation committee recently launched a pilot program in Chicago to use battery-powered robotic lawn mowers to assist with landscaping, addressing a labor challenge while also reducing emissions.

Our design standards require the installation of more efficient lighting and the electrification of onsite equipment. As local utilities decarbonize the electric grid, we can do our part by eliminating emissions-intensive natural gas-powered heating systems. We also generate solar electricity on site to reduce emissions and improve resilience. Please see [Net zero update](#) and [Energy + Sustainability](#) for more detail.



LED lighting installation, Prologis Ports Newark, New Jersey.

## Green building design and construction

By 2025, Prologis aims to achieve carbon-neutral construction in every building we build or redevelop. (Construction-related activities represent approximately 21% of our GHG emissions footprint.) To achieve this, we minimize construction waste; use smart building design, new construction technologies and lower-impact materials; and purchase carbon offsets. In the U.S., as an example, we purchase the majority of our steel for new construction from a company that produces steel using at least 80% recycled content.

Once a building is occupied, we manage it as efficiently as possible. This is important because we expect that energy consumption at modern distribution centers will continue to increase as facilities are electrified and automated.

All of this work benefits our customers by reducing a building's operating costs, emissions and impact.

### Building certifications

In June 2021, we committed that every eligible<sup>1</sup> project approved by our investment committee will achieve a sustainable certification. In 2022, this included 33 projects, five of which achieved a certification and 28 of which were in the process of

achieving a certification. A building can achieve a sustainable certification once it is built and substantially occupied.

Some 19.41%, or 235 MSF, of our 1.2 BSF portfolio has received a sustainable certification. These sustainable certifications (including LEED, BREEAM, CASBEE, DGNB and WELL) drive decisions related to site selection; building materials; biodiversity; energy and water efficiency; and indoor environmental quality. A sustainably certified building provides a healthier work environment, efficient and lower-cost operation and carbon emissions reduction. Nearly 30% of the space leased by our 25 largest customers is sustainably certified.

Our focus on achieving sustainable certifications does not limit our acquisition strategy—we do not let the fact that an existing building may not be certified impact our decision to acquire that building. Rather, we manage the newly acquired building efficiently and look for opportunities to make sustainable upgrades. If we redevelop the property, we seek a sustainable certification at that time.

For additional building certification data, please see our [ESG data page](#).

### Green financing: Integrating ESG into financing is a sustainability best practice.

To fund projects that enhance sustainability and minimize environmental impact, Prologis and our co-investment ventures in Europe, Japan, Mexico and the U.S. have issued 27 green bonds and 12 green private placements of debt over the past five years. These bonds and private placements attract environmentally conscious investors from around the world. Our [Green Bond Framework](#) guides how we select projects and manage proceeds.

Our green financing efforts also include our global line of credit (GLOC), our Yen revolver and additional sustainability linked lines of credit and term loans that support the operations of the FIBRA, PELF and USLF. Our GLOC key performance indicators include sustainably certified space and onsite solar generation/storage capacity. At year-end 2022, these figures were 235 MSF and 405 MW, respectively.

As an additional example of our commitment to sustainable investing, Prologis is a signatory of the [UN Principles for Responsible Investment](#).

1. 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.

## Ahead of what's next: Sustainable Distribution Centers

Prologis distribution centers showcase a wide range of sustainable features. As we continue toward net-zero emissions by 2040, we expect an increasing percentage of our portfolio will include these features.



### Rooftop Solar

Across 10 sites in Mexico in 2022, we added 1.4 MW of solar generation capacity. This included 125 kW at our Independencia 2 DC, 92 kW at our Independencia 3 DC and 189 kW at our Independencia 4 DC. In the coming years, we plan to expand our solar capacity in Mexico to more than 70 MW.



### Geothermal Energy

Prologis Park Moissy II DC1 in Paris was built with no gas connection. The building relies on design efficiencies, rooftop solar, purchased renewable energy and borehole geothermal energy storage for heating, cooling and power.



### Lower-carbon Construction Materials

We used mass timber for the construction of the mezzanine portion of our Northwest Logistics Center 1 in Portland, Oregon. In Ontario, Canada, we are using mass timber instead of steel in the construction of the internal structure of Highway 50 DC3. The use of these materials reduces embodied carbon emissions.



### Construction Circularity

Our Prologis Park Waalwijk DC3 distribution center in the Netherlands was built using 30% circular, bio-based or cradle-to-cradle (C2C) materials, with all materials cataloged in a digital materials passport to facilitate future reuse. Some 95% of the waste from the construction of our Dutra RJ Building 100 in Brazil was reused or recycled.



### Support for Biodiversity

Prologis RFI DIRFT in the UK includes a Prologis-funded 193-acre nature reserve with extensive wetland habitat that supports a wide range of birds, including short-eared owls, little ringed plovers, curlews and wigeons; great crested newts; a population of bats; and a rare breed of sheep.



### Electric Heat Pumps

At our Perris DC 6 and Perris DC 8 buildings in Southern California, we use zero-emissions electric heat pumps for heating and cooling instead of natural gas-powered climate control systems.



### EV Charging

Our Prologis Commerce Transport Center in Southern California includes 22 ports for EV truck charging. By year-end 2023, we expect to be managing approximately 20 EV charging clusters across our portfolio.



### Sustainable Building Certificates

Prologis Irwindale Distribution Center I in Southern California is the first U.S. property in our portfolio to achieve LEED Platinum certification. This property, which was part of the recent Duke acquisition, features a 600 kW photovoltaic system that can reduce energy costs by 90%. Prologis Park Nieuwegein DC2/ Unit BC in the Netherlands is the first WELL Platinum industrial building in Europe. Certification factors include seven people-oriented factors: air, water, nutrition, light, fitness, comfort and well-being. Through the purchase of renewable energy and the use of LED lighting, heat pumps and insulating exterior metal "sandwich" panels, Inagawa I is the first Japanese property in our portfolio to be ZEB-certified (zero emissions).



### Construction waste and circularity

We are increasing our incorporation of circular design principles (e.g., reuse, refurbish, recycle) into new construction. In some cases, we use a digital material passport to catalog materials and components used, making it easier to reuse them at the end of the building's life. Where feasible, we use new construction technologies and materials, including mass timber; flexible office walls; lower-carbon concrete and steel; and Nexiite (a sustainable alternative to conventional concrete). We intend to increase our use of these materials—and hope that our significant purchasing power will encourage the market to scale quickly.



Prologis Park Waalwijk, Waalwijk, the Netherlands.

We can look to our 26,000 square meter Prologis Park Waalwijk DC3 distribution center in the Netherlands as a good example of a best-in-class approach to circularity. We built the facility using approximately 30% circular, bio-based or cradle-to-cradle (C2C) materials, with all materials cataloged in a digital materials passport to facilitate future reuse.

For a limited (contractor-reported) subset of waste data, please see our [ESG data page](#).

### Carbon offsets

At Prologis, as part of our “measure-reduce-invest” approach to carbon management, we purchase high-quality third-party verified offsets for construction-related emissions that we cannot yet eliminate. We purchase these offsets based on criteria that include:

- Additionality (mitigation or removal would not otherwise have occurred).
- Co-location (in same geographic region as our operations).
- ESG co-benefits (local social and environmental benefit beyond emissions reduction).

We only purchase offsets that have been verified through at least one of the following registries/standards:

- Gold Standard
- Voluntary Carbon Standard(VCS)/Verra
- Climate Action Reserve
- American Carbon Registry

These four registries/standards have been accepted by independent third parties, including ILFI, The Task Force on Scaling Voluntary Carbon Markets and/or California's Cap and Trade program.

We retired offsets for approximately 40% (approximately 830,000 metric tons of carbon dioxide equivalent, or CO<sub>2</sub>e) of our 2022 construction-related GHG emissions. These offsets included forest conservation in Brazil, Canada, Mexico, China and the U.S.; landfill gas and other clean energy projects in the U.S., China and Brazil; and refrigerant reclamation and reduction projects in the U.S.

### Responsible water use

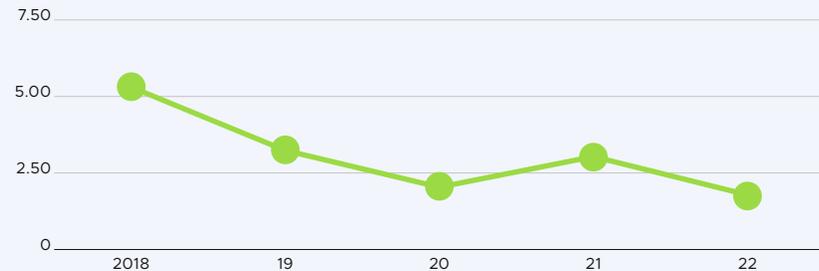
The operation of a typical distribution center has a negligible impact on water availability and quality. Although we do not face significant water risks, we remain committed to responsible water use and management practices.

During development, when significant water impacts could occur, surface water runoff is managed according to local regulations (in the U.S., it is governed by a Stormwater Pollution and Prevention Plan). We require general contractors, by contract, to reduce waste; to reduce energy and water consumption; and to comply with federal, state and local laws and regulations, including those related to water quality and availability.

Once a building is complete, surface water runoff flows through systems designed to applicable civil engineering standards. Customers are responsible for their use of water during their lease. This includes maintaining any discharge permits that may be required. To help them minimize their water use, we install low-flow toilets, motion-activated faucets and, in some buildings, native plants that require limited additional watering. Prologis Labs, a testing ground for customer-led innovation, developed smart pump kits that can collect and transmit data on water temperature, pump activity (vibration) and leaks. The kits have been installed in more than 2,000 buildings across the U.S. and Canada.

### Office water consumption

limited data, million gallons<sup>1</sup>



1. Based on limited data: 21/88 offices in 2018; 17/87 offices in 2019; 22/96 offices in 2020; 24/84 offices in 2021; and 25/85 offices in 2022. We have updated historical data following a review of previously reported water data that identified significant inconsistencies, including the inclusion of "water discharged" in "water consumed" data at some sites.

### Biodiversity

The construction and operation of a typical Prologis distribution center has a minimal impact on biodiversity. This is related to our corporate strategy of locating distribution centers close to urban centers, where biodiversity is not normally a significant concern.

Although we have minimal impact, we support biodiversity where feasible. This includes landscaping with native plants to support local wildlife. We have also enhanced the habitat adjacent to our distribution centers to support a wide range of wildlife, including hedgehogs, bees, bats, insects, newts and several types of birds (including short-eared owls, little ringed plovers, curlews and wigeons). Through a partnership with Cool Earth, we help protect biodiversity-rich rainforest equivalent to 31 times the area of our new development projects in Europe.



The habitat adjacent to our distribution centers supports a wide range of wildlife, including bees.

All new construction is subject to local environmental permitting, including evaluation of sensitive habitats and protected species through an Environmental Impact Assessment (EIA) or similar assessment, generally conducted during the land procurement and entitlement process. Some developments also promote environmental health and biodiversity by removing historic contaminants from the soil and water that might negatively impact biodiversity.

# Our Inspired People

Our employees are the foundation of our business. Every day, they create value for our customers and investors. They are active and engaged members of their local communities. They work towards an inclusive workplace; listen, question and commit; and innovate to create the future.

**87%**

We achieved an 87% employee engagement pulse survey score.

**5 ERGs**

advance inclusion for our African American, Asian American, Hispanic/Latinx, LGBTQIA+ and women employees.

**44%**

of our manager positions are held by women.

**7,400+**

In 2022, more than 2,000 employees completed approximately 7,400 hours of company-provided or company-sponsored learning and development training.



# Employee engagement

We see our culture as a differentiator for Prologis as an employer. Engaged and challenged employees constantly find new ways to better serve our customers and help us stay ahead of what's next.

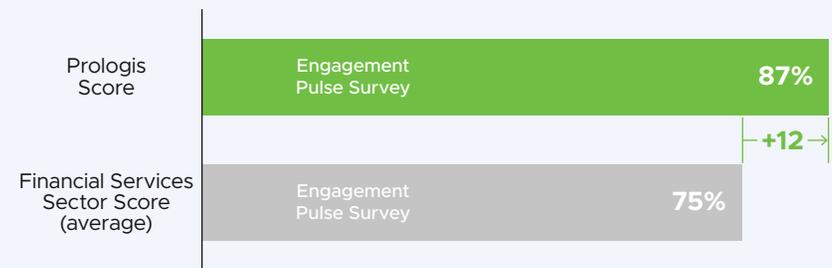
We create a world-class employee experience that includes competitive compensation and performance-based incentives; support for diversity, equity, inclusion and belonging (DEIB); challenging professional development opportunities; and best-in-class collaborative office space. Every permanent employee receives two performance reviews every year, aligned with career development.

Our biennial employee engagement survey, last completed in 2021, indicated that 88% of our employees are engaged based on their response to the five questions that comprise our engagement driver index, including "I am proud to work for this company." Our engagement pulse survey, completed in 2022, indicated that 87% of our employees are engaged. Both scores compare favorably with financial services sector averages of 76% (2021, full survey) and 75% (2022, pulse survey). Our strong Glassdoor ratings provide additional validation: As of January 2023, our CEO approval rating was 99%, and 88% of our employees said they would recommend Prologis to a friend. In 2022, we had regrettable turnover of 1.3% and non-regrettable turnover of 9.9%.<sup>1</sup>

Once engagement survey results are available, leaders across the company create and incorporate employee engagement action plans into their business goals. In early 2023, we set a goal to improve engagement survey results in each of the three lowest-scoring areas by three percentage points. These included how we share knowledge across business lines (68%); manageable workload (67%); and feeling rewarded for performance (64%).



## Employee engagement—2022



1. Regrettable turnover is defined as "eligible for rehire in the same role." Non-regrettable turnover is defined as "ineligible for rehire in the same role."

We offer a range of benefits (depending on location): Paid time off, bereavement time off, parental and partner leave and company-sponsored volunteer time.

- Life, medical, disability, dental, vision and identify theft insurance.
- Telemedicine, including virtual exercise and physical therapy services.
- An employee assistance program that includes mental health services.
- Fertility/surrogacy and adoption assistance and counseling.
- Flexible spending and health savings accounts.
- Backup childcare assistance.
- Health and financial wellness coaching.
- Pension and/or 401(K) benefits.
- Continuing education assistance.

**Learning and development**

We provide a range of learning and development resources to help employees keep their skills and knowledge on the cutting edge. These include training and support on:

- Prologis' [core competencies and traits](#).
- Business fundamentals, including the fundamentals of real estate.
- Leadership, presentation skills, effective communication and time management.
- HR-related skills, including performance management, career development, mentoring and diversity, equity, inclusion and belonging (DEIB) in a workplace setting.

In 2022, more than 2,000 employees completed more than 7,400 hours of company-provided or company-sponsored learning and development training.



Recent office remodels support a world-class employee experience: El Segundo, California (top), Warsaw, Poland (bottom left) and Paris, France (bottom right).

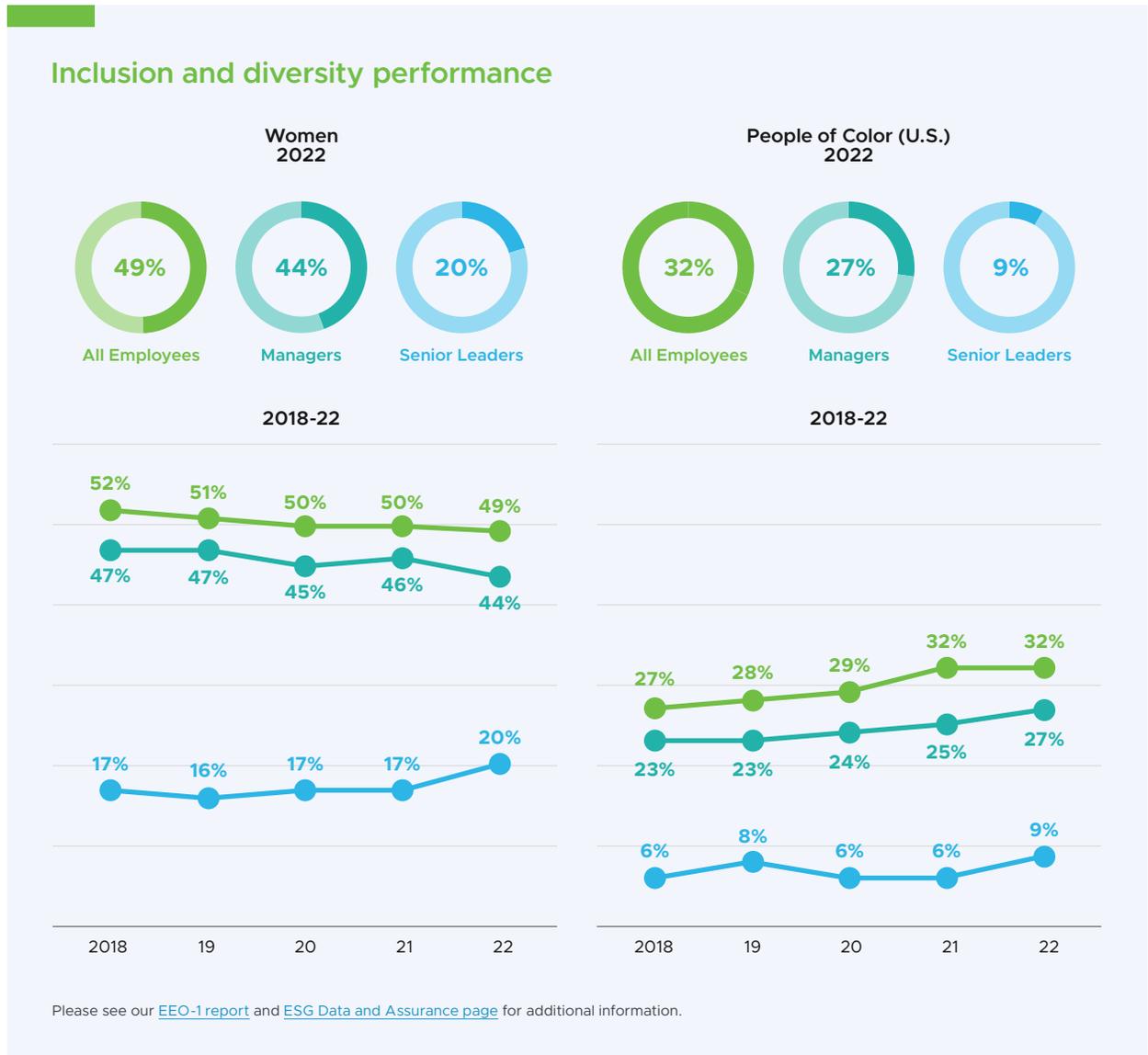


# Diversity, equity, inclusion and belonging

Diversity, equity, inclusion and belonging (DEIB) is central to the Prologis culture of innovation and to [our mission](#) of being the leading logistics real estate company. Consistent with our DEIB mission, we leverage a diverse workforce and inclusive business practices to drive innovation and excellence by focusing on people, procurement and philanthropy. We have a dedicated DEIB budget and increased DEIB staffing, and our CEO is a signatory to [CEO Action for Diversity & Inclusion](#). We share our DEIB strategy with employees and welcome their ideas for improvements.

## People

As the world leader in logistics real estate, **representation** is crucial: Prologis must reflect the diversity of the markets where we operate. We partner with organizations—including [Urban Land Institute](#), [NAIOP](#) (previously the National Association for Industrial and Office Parks), [NAREIT](#) (the National Association of Real Estate Investment Trusts), [Project Destined](#) and [Management Leadership for Tomorrow](#)—to stay informed of workforce trends and broaden our pool of candidates. At year-end 2022, 49% of our global workforce were women, and 32% of our U.S. workforce were people of color. There is still work to be done, particularly with respect to representation at our senior leadership level. This remains a strong focus in 2023. For additional information, please see our [EEO-1 report](#) and our [ESG Data and Assurance page](#).



Our annual **pay equity** analysis, which includes base salary, bonus and long-term incentives, is reviewed by our executive committee and board of directors. Our most recent analysis was completed in the first quarter of 2023. It found that women and people of color were paid within +/-3% of their male and white peers, respectively, in the same job and labor market.<sup>1</sup> If we find differences in compensation not explained by relevant job factors, we adjust compensation if appropriate.

An **inclusive work environment** fosters innovation and allows everyone to do their best work. Our DEIB offerings strengthen employee engagement and success. These include training resources, cultural awareness campaigns and celebrations of special days and months (e.g., Black History, Women's History, Pride). Prologis provides dedicated funding and staffing resources to help our five employee resource groups (ERGs) cultivate a culture of inclusion. These groups include the Asian Leadership Network, the Black Industrial Leadership Network, Hispanic/Latinx Organization for Leadership and Advancement, Leadership Empowerment Alliance at Prologis (women) and the Prologis Pride Network. We measure our progress in building an inclusive work environment through specific questions in our employee engagement surveys.

### Procurement

A world-class procurement program requires effective planning, strategic sourcing, execution and management. At Prologis, we work to understand our economic impact and build strong relationships with our suppliers. In 2023, we intend to invest in the growth of Minority/Women-owned Business Enterprises (MWBES) through increased partnership opportunities. This will include setting a baseline for direct and indirect spending with MWBES to inform the development of a supplier diversity strategy and supplier capacity-building programs. We plan to report on this work in more detail in our next ESG report. For additional information, please see [Supply Chain Responsibility](#).

### Philanthropy

Giving back to the communities where we work is an integral part of our social responsibility. The Prologis Foundation is developing a new giving strategy that will include DEIB-focused initiatives and increased transparency. More detail will be available in our next ESG report.



Our DEIB resources include DEIB training, cultural awareness campaigns and celebration of special days and months.

1. Pay equity analysis included women in our global workforce and people of color in the U.S.

## Employee health and safety

A safe work environment, whether an office or a building and development site, is a high priority at Prologis. We educate employees and contractors about our global safety standards. We provide safety-focused training, and we verify compliance through safety observation checklists, completed by Prologis project safety managers, and periodic third-party safety audits.

### Employee lost time injury frequency

Number of injuries per 1 million hours worked



For building construction and renovation, our design guidelines require safety features, such as anchor points, railings and skylight screens. Each development project must have a qualified safety inspector who is free from any other project responsibilities.

Prologis employees, contractor employees and anyone else may report a job-site safety concern using our anonymous third-party-administered safety helpline, which has options for reporting via the web and phone (1-833-SAFE-PLD in the U.S. and Canada; additional numbers are listed on our company intranet). In 2022, we received no calls to the safety helpline.

Our safety program is overseen by a global safety committee, composed of senior executives from relevant global functions. This committee, which meets quarterly, identifies and implements best practices and standards and facilitates employee and contractor training.



Prologis educates employees and contractors about our global safety standards and provides safety-focused training.

1. No data was reported in 2018.

# Resilient Communities

By improving the efficiency of local supply chains, we create value, drive economic development and build resilient communities. We work in partnership with local leaders and organizations to provide job training programs; promote community health and safety; and enhance park and transit infrastructure.

**\$315B**

Prologis has \$315B in direct, indirect and induced economic impact per year, according to a study by Oxford Economics.

**21,000**

We've trained 21,000 people in logistics through our Community Workforce Initiative since 2018.

**\$6.5M**

In 2022, Prologis and the Prologis Foundation made \$6.5 million in contributions to community organizations around the world.

**14,500**

Our employees donated more than 14,500 hours to community organizations in 2022.



Poland team members on IMPACT Day 2022.

# Stakeholder engagement

We can accomplish more when we incorporate ideas and input from our stakeholders.

We engage with **our employees** through topic-specific webinars, intranet storytelling and quarterly town hall meetings where our leaders can share what's on their minds and answer employee questions. We aim to create a people-first culture that prioritizes well-being and connects Prologis employees around the world.

We are engaged and active **community members**. During project planning and development, we communicate with elected officials, community groups and other businesses. Depending on the project, this can include face-to-face meetings, presentations and community workshops. Local feedback helps us create value beyond that of a typical distribution center. Members of our local teams participate in community organizations, volunteer with local nonprofits and raise their families in the communities where we do business.

Our maintenance technicians, customer-focused managers and regional leaders listen to **customers** and try to anticipate their needs. They work to understand and exceed expectations through onsite

visits, emails, phone calls and an online app that allows customers to submit requests for service. They also propose sustainable solutions to help our customers reduce their costs, emissions and impact. For more on customer centricity, please see [What makes us different](#).

We educate **policymakers** about how our distribution centers support both local economies and the global supply chain. Key topics include sustainable development and land use; the impact of our investments in renewable energy, mobility and workforce training; how public-private partnerships can accelerate change in our industry; and how certain tax policies might impact our business and our shareholders. We analyze proposed policies and share our perspective with relevant decision-makers. At the local level, we work to align our projects with local planning documents, such as a city's general plan.

In 2022 and the first quarter of 2023, we engaged with 71%<sup>1</sup> of our top 100 shareholders, representing 43% of total outstanding shares. In response to their feedback over the years, we have made enhancements or adjustments to our executive compensation and corporate governance. For more detail, please see our most recent [Proxy Statement](#).

## Increasing political transparency

In 2022, Prologis was named one of the "most improved" companies on the [CPA-Zicklin Index of Corporate Political Disclosure and Accountability](#) with a score of 78.6.

Our [political participation policy](#) prohibits the use of corporate funds or assets to support U.S. federal or state candidates or political parties.

We engage with policymakers through our membership in trade associations, including [NAREIT](#) and [NAIOP](#). We post annual lobbying expenditures, including the total amount paid in trade association membership fees, to [our website](#). We do not allow these membership fees to be used to support any U.S. federal or state candidate or political party. The governance committee of our board of directors receives an annual update on our public policy priorities, lobbying expenditures and payments to trade associations.

1. Calculated by outstanding shares of common stock of our top 100 stockholders. Our top 100 stockholders hold 80% of our outstanding shares.

# Economic and social impact

Logistics real estate can have a significant positive impact on the surrounding community. We commissioned a [study](#) by the independent advisory firm Oxford Economics in 2022 that found that \$2.7 trillion in goods flows through our distribution centers each year.

Prologis is committed to openness and transparency regarding taxes. Our global head of tax is responsible for our tax policies and procedures. We comply with all applicable rules and regulations and report current and deferred domestic and

international tax liabilities in our [Form 10K](#). Our tax planning is aligned with our commercial business activities.

We create additional benefit by locating our logistics facilities close to urban centers: We shorten delivery routes, reduce delivery times and reduce related emissions. Our customers and our customers' customers enjoy next-day or even same-day delivery of the goods and services they need. (Thanks to logistics real estate, three-week shipping is a thing of the past.) Additional benefits include plentiful logistics jobs, shorter commute times for logistics workers and, in some cases, reclamation and remediation of abandoned or brownfield sites.

As a long-term owner, we value long-term relationships with the people in the communities where we do business. Our goal is always to be the logistics facility provider of choice by creating value not only for our customers, but also for the communities where we operate. As an example, in the United Kingdom, the [Social Value Portal](#) determined that two Prologis projects would provide more than \$35 million of local social and economic value, including 82 construction and logistics jobs.

## Economic impact

We commissioned a [study](#) by the independent advisory firm Oxford Economics in 2022, which describes our economic impact.

**2.8%**  
of global GDP



**3.5M**  
jobs (direct, indirect and induced); nearly 1.1M people work under a Prologis roof each day

**4.0%**  
of GDP for the 19 countries where we do business



**\$315B**  
in economic impact (direct, indirect and induced) each year

**24.3%**  
of global goods consumption in those 19 countries



**\$66B**  
in global tax impact

**Community Workforce Initiative**

Our Community Workforce Initiative (CWI) is a digital training platform that builds a talent pipeline for our customers and creates economic opportunity in the communities where we do business. CWI includes courses in areas such as equipment training; inventory and warehouse management; and environmental impact. The Association of Supply Chain management has certified CWI in “logistics training,” the first certificate of its kind.

Since 2018, we have trained approximately 21,000 people and helped place more than

3,400 of them in logistics jobs. We are on track to exceed our goal of training 25,000 people by 2025.

**PARKlife™**

At some of our logistics centers, we create green spaces, onsite sports facilities, fitness trails, murals and other artwork, job training centers and other community features. PARKlife provides value beyond a typical warehouse and supports our customers’ top priority: attracting and retaining labor by improving the quality of life in the community.

– In the UK, the Prologis team incorporated

wellness and recreational features at DIRFT. (DIRFT also offers logistics training in partnership with CWI.)

- The team in Lodi, Italy, introduced its first open-air museum within a logistics park. The work of eight internationally renowned Italian urban artists is further enhanced with green spaces, ping pong tables and outdoor dining areas throughout the property.
- The Prologis team in Spain regularly hosts PARKlife events such as a community blood donation drive, a running club and activities focused on food, fitness and fun.
- In Mexico, our team is creating mini libraries and building soccer fields.

**Space for Good**

Through our Space for Good program, we donate temporary, rent-free space in unoccupied parts of our logistics buildings to charitable organizations that provide disaster relief or address short-term community needs. In 2022, in response to a range of crises around the world, we donated nearly 500,000 square feet of space worth \$2.48 million in in-kind rent to 17 charities. As an example, following the devastating earthquake that struck Turkey and Syria in early 2023, Prologis Spain provided a customer with warehouse space in Prologis Park Coslada to receive, classify and palletize goods for delivery to the disaster zone.



Mural installation at Prologis Park Lodi, Somaglia, Italy as part of Prologis' PARKLife program.



# Community health and safety

Protecting health and safety is a top priority and a key part of our long-term commitment to the communities where we operate. This includes our generation of renewable energy to support community solar and our work to build EV-charging infrastructure to enable the electrification of our customers' fleets.

We develop disaster preparedness and recovery plans to support the community through hard times.

Our leases require tenants to comply with all applicable laws and regulations in their operations and occupancy. We conduct financial due diligence on a tenant before entering into a lease agreement, and we work closely with our tenants throughout their leases. Once leased, our tenants have exclusive possession and control of the premises under the terms of the lease as well as under tenant-landlord law. When we become aware of conditions that might impact community safety, we notify relevant authorities and take appropriate action, including seeking to evict the tenant if warranted by the circumstances and permitted by applicable law. When a community safety incident occurs at or near a Prologis property, we work with our tenants to mitigate and minimize the community impact as part of our commitment to being a good neighbor.

We also develop disaster preparedness and recovery plans to maintain business continuity and support the community through hard times. In 2022, across our nearly 5,500-facility portfolio, there were 34 times when natural hazard events resulted in insurance claims. Only two of these events led to business-continuity-insured damage in excess of \$500,000.



## Disaster preparedness in Japan

Because of its climate and topography, Japan is particularly vulnerable to natural disasters. During the Great East Japan Earthquake of 2011, many customers used Prologis facilities as shelter. This experience prompted our Japan team to create agreements with local authorities in 11 cities to better prepare for the next disaster.

These agreements include disaster relief support and both indoor and outdoor space and emergency resources. Some of the agreements also ensure supplies, such as food, bedding and other goods, are stockpiled for those taking shelter at a Prologis park.

Local teams work with tenants on disaster prevention measures, business continuity plans and resources, such as:

- Emergency earthquake alerts and satellite phones
- Power supplies that can maintain power for up to 72 hours in the event of a disruption
- Well water purification systems

Evacuation drills and training help ensure customers and employees know what to do—and how to use crucial safety equipment if a disaster occurs.

# Community involvement

We focus our community giving and volunteering in three areas: education, the environment and community support.

On IMPACT Day, our annual global day of service, we close our offices and encourage every employee to participate in a local volunteer event. In 2022, Prologis employees gave more than 8,500 hours to organizations such as the Alameda County Community Food Bank (California), Pane Quotidiano (Italy), The Morton Arboretum (Chicago), Habitat for Humanity (19 projects around the world), Saint Gabriel School (France), Singapore Community Development Council and 3V Paralympic Sport Association (Sweden). In addition to IMPACT Day, each employee receives an allocation of 32 paid hours per year to volunteer with nonprofit organizations in their community, subject to manager approval.

In 2022, Prologis and the Prologis Foundation made \$6.5 million in contributions to community organizations around the world. In early 2022, in response to the invasion of Ukraine, employees donated approximately \$250,000 to organizations responding to this humanitarian crisis. Combined with a double match from the Prologis Foundation, our contribution to this cause totaled more than \$750,000.

The Prologis Foundation also supports employees who participate in community-based organizations by providing matching gifts as well as Dollars for Doers, where support is based on the number of volunteer hours.

## Giving and volunteering totals

	2018	2019	2020	2021	2022
Total charitable contributions benefiting the community (Million USD)	\$2.60	\$2.30	\$8.20	\$4.70	\$6.48
Hours of employee volunteer time <sup>1</sup>	10,625	11,872	4,428	7,324	14,557

1. We have updated historical data to only include employee volunteer hours. We had previously included employee time related to the management of Prologis' community programs.



2022 IMPACT Day. Houston, Texas (top); Gothenburg, Sweden (bottom left); Denver, Colorado (bottom right).

# Appendix



Prologis Port Reading, Carteret, New Jersey

# Performance data

	2018	2019	2020	2021	2022
<b>Our Business</b>					
Revenue (dollars in billions)	\$2.80	\$3.33	\$4.44	\$4.76	\$5.97
Assets under management (dollars in billions)	\$86.70	\$118.40	\$148.30	\$215.10	\$195.81
Square footage of real estate portfolio (MSF)	768	814	984	1,001	1,213
Number of buildings (owned and managed portfolio)	3,690	3,840	4,703	4,735	5,495
Number of customers	5,100	5,000	5,500	5,800	6,600
Global occupancy rate	97%	97%	96%	98%	98%
Global customer retention rate	76%	79%	77%	74%	78%
Number of employees	1,617	1,713	1,945	2,053	2,466
<b>Environment</b>					
Scope 1 and 2 GHG emissions (mtCO <sub>2</sub> e—market based w/ RECs) <sup>1</sup>	4,045	10,858	10,020	8,259	3,898
Scope 3 GHG emissions (mtCO <sub>2</sub> e—location based) <sup>1</sup>	6,024,262	6,178,348	5,442,664	5,216,848	4,917,155
Energy consumption (MWh)	7,867	18,706	22,785	20,662	9,905
Total renewable energy purchased or generated for our operations (MWh)	72	72	72	214	346
Onsite solar generating capacity installed (in MW) <sup>2</sup>	186	212	252	285	405
Area of sustainably certified space (million square feet)	117	145	170	195	235
LED lighting (% of owned and managed operating properties) <sup>3</sup>	27%	33%	42%	57%	71%
<b>Social &amp; Governance</b>					
Women in global workforce	52%	51%	50%	50%	49%
People of color in U.S. workforce	27%	28%	29%	32%	32%
People trained through Community Workforce Initiative <sup>4</sup>	134	597	4,036	6,809	10,119
Employee volunteer hours <sup>5</sup>	10,625	11,872	4,428	7,324	14,557
Charitable giving (dollars in millions)	\$2.60	\$2.30	\$8.20	\$4.70	\$6.48
Employee ethics training completed	100%	100%	100%	100%	100%
Employee lost time injury frequency rate (per 1 million hours worked)	—	1.10	0.94	1.34	0.68

1. In consultation with an independent third party, we have updated our 2019-2021 greenhouse gas emissions to reflect changes to our business (recent acquisitions), improvements to our emissions methodology and a new baseline year for our science-based net-zero target.  
 2. Within our owned and managed portfolio. Does not include properties from the Urban Spaces acquisition.  
 3. Within our owned and managed operating properties. Does not include properties from the Duke and Urban Spaces acquisitions.  
 4. Historical data has been updated. 2018-2019 data is not included in cumulative total. 2020-2022 data includes participants in the online program only.  
 5. Historical data has been updated. Previously reported data included staff time to support community programs.

# Assurance statement

Independent assurance statements for our ESG report and our GHG emissions are available on the [Supplemental Information](#) page of our website.



## LRQA Independent Assurance Statement Relating to Prologis' Environmental, Social and Governance Report for Calendar Year 2022

This Assurance Statement has been prepared for Prologis, Inc. (Prologis) in accordance with our contract but is intended for the readers of this Report.

### Terms of Engagement

LRQA was commissioned by Prologis to provide independent assurance on its 2022 Environmental, Social and Governance (ESG) Report (the report) to a moderate level of assurance and materiality of the professional judgement of the verifier using AccountAbility's AA 1000AS (v3), where the scope was a Type 2 engagement.

Our assurance engagement covered Prologis' global operations and activities and specifically:

- verified conformance with AA1000 AccountAbility Principles (AA1000AP 2018); and
- evaluated the accuracy and reliability of data and information.

Our assurance engagement excluded the data and information of Prologis' suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to Prologis. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Prologis' responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Prologis.

LRQA's corresponding Greenhouse Gas Verification Assurance Statement should be referred to in conjunction with this Assurance Statement.

### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Prologis has not, in all material respects:

- Met the requirements above;
- Disclosed accurate and reliable performance data and information as no errors or omissions were detected; and
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.



**Note:** The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

### LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing Prologis' approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through interviews with senior management and a review of procedures and processes in place to manage stakeholder engagement.
- Reviewing Prologis' process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by independently reviewing Prologis' internal materiality process, benchmarking reports written by Prologis and its peers to ensure that sector specific issues were included for comparability, referencing the Global Reporting Initiative (GRI) Universal Standards and Topic-specific Standards and referencing Sustainability Accounting Standards Board (SASB) real estate sector standard.
- Auditing Prologis' data management systems to confirm that there were no significant errors, omissions or mis-statements in the Report. We did this by:
  - sampling specific source and aggregated data points referenced in the Report
  - speaking with key people responsible for compiling the data and drafting the Report and
  - interviewing members of the executive committee, senior management, and various other roles within the company by virtual meetings.

### Observations

Further observations and findings, made during the assurance engagement, are:

#### • Stakeholder inclusivity:

We are not aware of any stakeholder groups that have been excluded from Prologis' stakeholder engagement process. Prologis refreshed the 2017 stakeholder engagement process in 2019 and LR encourages further engagement of external stakeholders to support results. The process is biennial and was expected to be completed again in 2021. Due to limited resources, Prologis conducted the 2021 review by engaging internal stakeholders including those who have direct contact with Prologis external stakeholders. Prologis plans to improve the process and conduct a more comprehensive review. It was schedule for 2022 and is now planned for later in 2023.



**Materiality:**

We are not aware of any material issues concerning Prologis' sustainability performance that have been excluded from the Report. The Report covers a range of ESG performance. The published annual PDF report provides highlights of key accomplishments and initiatives. The addition of the Data Disclosure Table in 2020, which Prologis has continued to develop in 2021, provides comprehensive ESG data spanning the last five years. Reporting is also consistent with GRI and SASB Real Estate reporting.

**Responsiveness:**

Prologis engages regularly with internal and external stakeholders, with an emphasis on customers. Specific examples of responsiveness in 2021 include:

- continued expansion of access to green energy through solar and reduced energy consumption through LED lighting and cool roofs
- installation of battery storage and electric vehicle stations and programs for community buy back of excess solar electricity
- continuing to support the concept of circular building, reducing waste and GHGs across the life cycle of the asset.

In 2022 an example includes reporting metrics on pay equity.

These goals are supportive of the United Nations Sustainable Development Goals (UN SDGs) and align with Prologis, customer, local community and global community sustainability goals.

**Reliability:**

We believe that the criteria applied are appropriate and sufficient to produce consistent, unbiased, understandable content for the end user.

**Impact:**

Prologis goals and strategies are mature and in line with ESG philosophy. Impacts across the property life cycle are considered, improvements are committed to, progress is measured and metrics are reported. Two prominent life cycle examples include solar and LED. Continuation in this strategy is seen in growing prominence of EV charging stations and expanding solar beyond what the building tenant can utilize.

**LRQA's Standards, Competence and Independence**

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.



The verification assessment along with GHG verification is the only work undertaken by LRQA for Prologis and as such does not compromise our independence or impartiality.

Signed

Dated: May 16, 2023

Andrea M. Bockrath  
LRQA Lead Verifier

On behalf of Lloyd's Register Quality Assurance, Inc.  
2102 City West Blvd., Houston, Texas 77042  
LRQA reference: UQA00000496

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The English version of this Assurance Statement is the only valid version. LRQA assumes no responsibility for versions translated into other languages.

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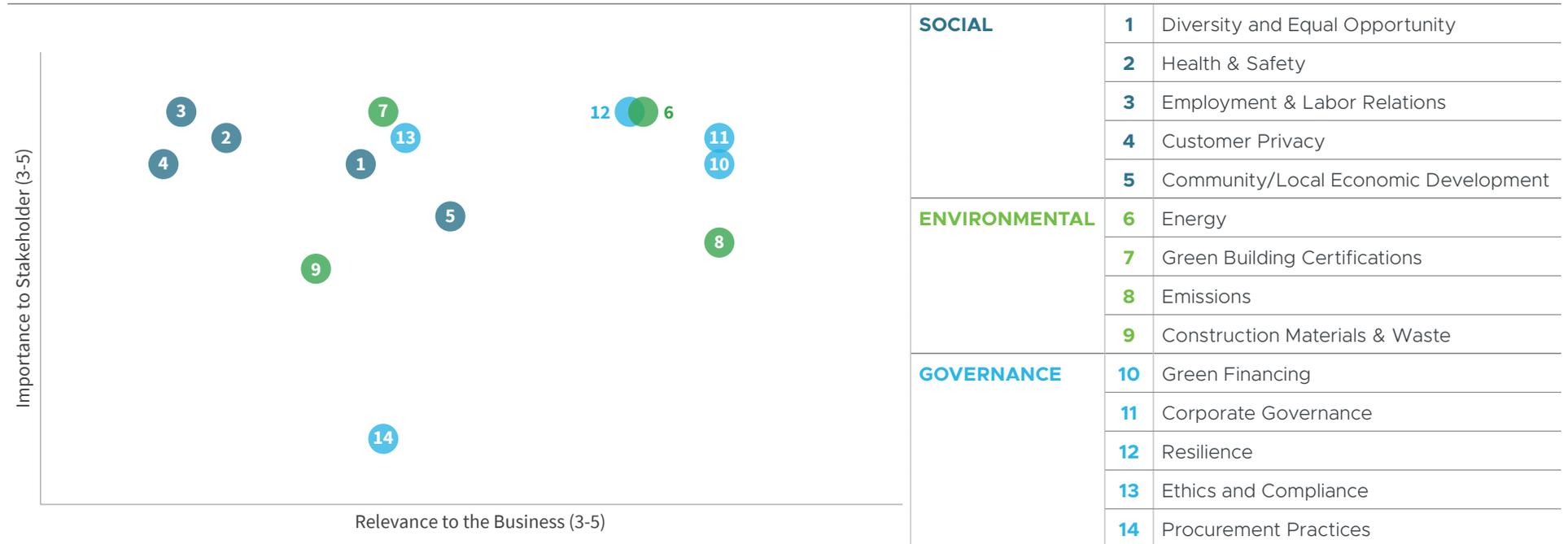
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# GRI index

This report was prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021 and covers the topics identified in our most recent materiality assessment completed in 2021. We plan to complete an updated materiality assessment in 2023.

## Materiality Assessment

### MATERIALITY MATRIX



## GRI index

GRI MATERIAL TOPIC	DISCLOSURE	LOCATION	LINKED RESOURCES	
GRI 2: General Disclosures	2-1	2-1 Organizational details	<a href="#">Prologis Inc.</a>	<a href="#">What We Do</a>
	2-2	2-2 Entities included in the organization's sustainability reporting	<a href="#">About Prologis</a>	<a href="#">Prologis ESG</a>
	2-3	2-3 Reporting period, frequency and contact point	ESG Report: <a href="#">About this report</a>	<a href="#">Reports and Resources</a>
	2-4	2-4 Restatements of information	ESG Report: <a href="#">Climate strategy</a> ; <a href="#">GHG emissions rebaseline</a> <a href="#">Assurance Statement</a>	<a href="#">Assurance Page</a>
	2-5	2-5 External assurance	<a href="#">Assurance Statement</a>	<a href="#">Assurance Page</a>
	2-6	2-6 Activities, value chain and other business relationships	ESG Report: <a href="#">Sustainable Logistics</a>	<a href="#">ESG Policy</a>
	2-7	2-7 Employees	ESG Report: <a href="#">Inspired People</a> ; <a href="#">Inclusion and diversity performance</a> <a href="#">Proxy Statement</a>	<a href="#">Human Rights Policy</a>
	2-8	2-8 Workers who are not employees	ESG Report: <a href="#">Inspired People</a>	<a href="#">Human Rights Policy</a>
	2-9	2-9 Governance structure and composition	ESG Report: <a href="#">Ahead of What's Next</a> <a href="#">Proxy Statement</a>	<a href="#">SEC Filings</a>
	2-10	2-10 Nomination and selection of the highest governance body	<a href="#">Proxy Statement</a>	<a href="#">SEC Filings</a>
	2-11	2-11 Chair of the highest governance body	<a href="#">Proxy Statement</a>	<a href="#">SEC Filings</a>
	2-12	2-12 Role of the highest governance body in overseeing the management of impacts	<a href="#">Proxy Statement</a>	<a href="#">SEC Filings</a>
	2-13	2-13 Delegation of responsibility for managing impacts	ESG Report: <a href="#">Ahead of What's Next</a> ; <a href="#">Governance</a>	<a href="#">SEC Filings</a>
	2-14	2-14 Role of the highest governance body in sustainability reporting	<a href="#">Proxy Statement</a>	<a href="#">SEC Filings</a>
	2-15	2-15 Conflicts of interest	ESG Report: <a href="#">Ethics, compliance and human rights</a> <a href="#">Code of Ethics and Business Conduct</a>	<a href="#">Code of Ethics and Business Conduct</a>
	2-16	2-16 Communication of critical concerns	ESG Report: <a href="#">Health and Safety</a> <a href="#">Code of Ethics and Business Conduct</a>	<a href="#">Code of Ethics and Business Conduct</a>
	2-17	2-17 Collective knowledge of the highest governance body	<a href="#">Proxy Statement</a> <a href="#">Annual Report</a>	<a href="#">SEC Filings</a>

GRI MATERIAL TOPIC	DISCLOSURE		LOCATION	LINKED RESOURCES
GRI 2: General Disclosures	2-18	2-18 Evaluation of the performance of the highest governance body	<a href="#">Proxy Statement</a>	<a href="#">SEC Filings</a>
	2-19	2-19 Remuneration policies	<a href="#">Proxy Statement</a>	<a href="#">SEC Filings</a>
	2-20	2-20 Process to determine remuneration	<a href="#">Proxy Statement</a>	<a href="#">SEC Filings</a>
	2-21	2-21 Annual total compensation ratio	<a href="#">Proxy Statement</a>	<a href="#">SEC Filings</a>
	2-22	2-22 Statement on sustainable development strategy	ESG Report: <a href="#">Letter from our Co-Founder, Chairman and CEO Annual Report</a>	<a href="#">ESG Policy</a>
	2-23	2-23 Policy commitments	ESG Report: <a href="#">Ethics, compliance and human rights</a>	<a href="#">Code of Ethics and Business Conduct</a>
	2-24	2-24 Embedding policy commitments	ESG Report: <a href="#">Ethics, compliance and human rights</a>	<a href="#">Code of Ethics and Business Conduct</a>
	2-25	2-25 Processes to remediate negative impacts	ESG Report: <a href="#">Ahead of What's Next; Risk management</a>	<a href="#">ESG Policy</a>
	2-26	2-26 Mechanisms for seeking advice and raising concerns	ESG Report: <a href="#">Ethics, compliance and human rights</a>	<a href="#">Code of Ethics and Business Conduct</a>
	2-27	2-27 Compliance with laws and regulations	ESG Report: <a href="#">Ethics, compliance and human rights</a>	<a href="#">Code of Ethics and Business Conduct</a>
	2-28	2-28 Membership associations	ESG Report: <a href="#">Stakeholder engagement</a>	<a href="#">Memberships and Associations</a>
	2-29	2-29 Approach to stakeholder engagement	ESG Report: <a href="#">Stakeholder engagement</a>	
	2-30	2-30 Collective bargaining agreements	ESG Report: <a href="#">Ethics, compliance and human rights</a>	<a href="#">Code of Ethics and Business Conduct</a>
GRI 203: Indirect Economic Impacts 2016	203-1	203-1 Infrastructure investments and services supported	ESG Report: <a href="#">Economic and social impact</a>	<a href="#">Human Rights Policy</a>
	203-2	203-2 Significant indirect economic impacts	ESG Report: <a href="#">Resilient Communities; Economic and social impact</a>	<a href="#">Human Rights Policy</a>
GRI 204: Procurement Practices 2016	204-1	GRI 204: Procurement Practices 2016	ESG Report: <a href="#">Supply chain responsibility</a>	<a href="#">ESG Data</a>
GRI 301: Materials 2016	301-1	301-1 Materials used by weight or volume	ESG Report: <a href="#">Green building design and construction</a>	<a href="#">ESG Data</a>
	301-2	301-2 Recycled input materials used	ESG Report: <a href="#">Green building design and construction</a>	<a href="#">ESG Data</a>
	301-3	301-3 Reclaimed products and their packaging materials	ESG Report: <a href="#">Green building design and construction</a>	<a href="#">ESG Data</a>

GRI MATERIAL TOPIC	DISCLOSURE	LOCATION	LINKED RESOURCES	
GRI 302: Energy 2016	302-1	302-1 Energy consumption within the organization	ESG Report: <a href="#">Climate strategy</a> <a href="#">ESG Data Microsite</a>	<a href="#">ESG Data</a>
	302-2	302-2 Energy consumption outside of the organization	ESG Report: <a href="#">Climate strategy</a> <a href="#">ESG Data Microsite</a>	<a href="#">ESG Data</a>
	302-3	302-3 Energy intensity	ESG Report: <a href="#">Climate strategy</a> <a href="#">ESG Data Microsite</a>	<a href="#">ESG Data</a>
	302-4	302-4 Reduction of energy consumption	ESG Report: <a href="#">Climate strategy</a>	<a href="#">ESG Data</a>
	302-5	302-5 Reductions in energy requirements of products and services	ESG Report: <a href="#">Climate strategy</a>	<a href="#">ESG Data</a>
GRI 401: Employment 2016	401-1	401-1 New employee hires and employee turnover	ESG Report: <a href="#">Inspired People</a>	<a href="#">ESG Data</a>
	401-2	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	ESG Report: <a href="#">Inspired People</a>	<a href="#">ESG Data</a>
	401-3	401-3 Parental leave	ESG Report: <a href="#">Inspired People</a>	
GRI 403: Occupational Health and Safety 2018	403-1	403-1 Occupational health and safety management system	ESG Report: <a href="#">Employee health and safety</a> ; <a href="#">Community health and safety</a>	<a href="#">Human Rights Policy</a>
	403-2	403-2 Hazard identification, risk assessment, and incident investigation	ESG Report: <a href="#">Employee health and safety</a> ; <a href="#">Community health and safety</a>	
	403-3	403-3 Occupational health services	ESG Report: <a href="#">Employee health and safety</a> ; <a href="#">Community health and safety</a>	
	403-4	403-4 Worker participation, consultation, and communication on occupational health and safety	ESG Report: <a href="#">Employee health and safety</a> ; <a href="#">Community health and safety</a>	
	403-5	403-5 Worker training on occupational health and safety	ESG Report: <a href="#">Employee health and safety</a> ; <a href="#">Community health and safety</a>	
	403-6	403-6 Promotion of worker health	ESG Report: <a href="#">Employee health and safety</a> ; <a href="#">Community health and safety</a>	
	403-7	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	ESG Report: <a href="#">Employee health and safety</a> ; <a href="#">Community health and safety</a>	
	403-8	403-8 Workers covered by an occupational health and safety management system	ESG Report: <a href="#">Employee health and safety</a> ; <a href="#">Community health and safety</a>	<a href="#">Human Rights Policy</a>
	403-9	403-9 Work-related injuries	ESG Report: <a href="#">Employee health and safety</a> <a href="#">ESG Data Microsite</a>	<a href="#">ESG Data</a>
	403-10	403-10 Work-related ill health	ESG Report: <a href="#">Employee health and safety</a> <a href="#">ESG Data Microsite</a>	<a href="#">ESG Data</a>

GRI MATERIAL TOPIC	DISCLOSURE	LOCATION	LINKED RESOURCES
GRI 405: Diversity and Equal Opportunity 2016	405-1	405-1 Diversity of governance bodies and employees	ESG Report: <a href="#">Ahead of What's Next; Governance; Diversity, equity, inclusion and belonging</a>
	405-2	405-2 Ratio of basic salary and remuneration of women to men	ESG Report: <a href="#">Diversity, equity, inclusion and belonging</a>
GRI 413: Local Communities 2016	413-1	413-1 Operations with local community engagement, impact assessments, and development programs	ESG Report: <a href="#">Economic and social impact</a> <a href="#">Human Rights Policy</a>
	413-2	413-2 Operations with significant actual and potential negative impacts on local communities	ESG Report: <a href="#">Economic and social impact</a> <a href="#">Human Rights Policy</a>
GRI 418: Customer Privacy 2016	418-1	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Report: <a href="#">Ahead of What's Next; Risk management</a> <a href="#">Proxy Statement</a> <a href="#">Code of Ethics and Business Conduct</a>

# SASB disclosure

Prologis supports the mission of the Sustainability Accounting Standards Board (SASB), which creates industry-specific sustainability accounting standards that help companies disclose financially material, decision-useful environmental, social and governance (ESG) information to investors. This is the fourth year that Prologis is disclosing data using SASB's 2018 Real Estate Standard. The following table contains our disclosure on the topics included in that standard. Activity metrics that may assist in the accurate evaluation and comparability of disclosure may be found throughout the Prologis 2022-23 ESG Report.

CODE	ACCOUNTING METRIC	PROLOGIS INFORMATION
<b>ENERGY INFORMATION</b>		
IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area, by property subsector	Energy consumption data coverage from the global Prologis operating portfolio as a percentage of floor area was equal to 44% in 2022.
IF-RE-130a.2	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	From the portfolio with available energy data coverage from 2022, the following details pertain to energy: (1) The total energy consumption: 11,209,190 MWh (2) Percentage grid electricity: 53% (3) Percentage of electricity that is renewable (Logistics/Distribution Warehouse): 8%
IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Like-for-like change in energy consumption for the global Prologis operating portfolio was a 3% decrease from 2021 to 2022. Fluctuations in occupancy, hours of operation and changes in customer mix could have led to this decrease.
IF-RE-130a.4	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property subsector	Prologis has a goal to certify 100% of eligible new developments and redevelopments to sustainable building certification standards. These sustainable building certification standards incorporate energy efficiency features, as well as other features for water efficiency, waste reduction, and others that promote tenant health and well-being, to name a few. Given our asset class and building type, we do not typically submit for EnergyStar certification. However, in certain regions like Europe, where Energy Performance Certificates (EPCs) are required to be maintained by various country requirements, we manage the EPCs in an effort to maintain local compliance. In 2022, we engaged a third party to complete an analysis of our EPC records across our European portfolio and established enhanced processes for managing EPCs moving forward.
IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Prologis integrates energy and water reduction technologies into our new buildings as part of our goal to have 100% of new development and redevelopment achieve sustainable building certification. These strategies ensure the resilience and enduring value of our buildings, creating value for our customers and our company. In addition, Prologis has a customer-centric approach focused on helping further the operational efficiency of our customers. We have energy, mobility and sustainability solutions available through our Essentials marketplace, which were significantly expanded in 2022. We also allocate a portion of our capital expenditure for existing buildings to LED lighting retrofits and other energy-saving technologies, water-saving features, cool roofing technology and solar installations.

CODE	ACCOUNTING METRIC	PROLOGIS INFORMATION
<b>WATER MANAGEMENT</b>		
IF-RE-140a.1, IF-RE-140a.2, IF-RE-140a.3	<p>(a.1) Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector.</p> <p>(a.2) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector</p> <p>(a.3) Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector</p>	<p>Water withdrawals from logistics facilities are typically lower compared to other types of buildings, and thus less material than energy and emissions. (1) For 2022, we report on data available on water consumption across a portion of our global offices. In 2022, we had water consumption reporting from 25 of our global corporate offices, with 1.73 million gallons consumed. We continue to work to improve data coverage. Like-for-like change in water consumption was available for 12 offices that had both 2021 and 2022 data. From the water data provided by the 12 offices with like-for-like data, there was a 33% decrease in water withdrawals from 2021 to 2022. (2) At this time, we have not completed a full mapping of water stress, but Prologis is using third-party data and internal tools for mapping and evaluating physical climate risk exposure at the asset level through science-based climate scenarios. Based on the data of our physical climate risk assessments, we can proactively implement mitigation strategies that further the resilience of our global portfolio. This includes implementing site-specific mitigation measures, such as raising a property out of the base flood elevation, raising the height of dock doors and other measures to ensure the long-term resilience of our assets.</p>
IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	<p>Even though logistics facilities typically have a lower water footprint compared to other types of buildings, we have adopted various sustainable water management practices and technologies to minimize water use and the impact of our assets on water quality. Many of these efforts are a result of pursuing sustainable building certifications for 100% of new developments and redevelopments globally. All of our water-related actions are project specific, taking into account the site's soil conditions, rainfall patterns, topography and infrastructure. 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</p>
<b>MANAGEMENT OF TENANT SUSTAINABILITY IMPACTS</b>		
IF-RE-410a.1	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property subsector	<p>Within the Prologis Clear Lease, we have adopted green lease language that seeks to better collaborate with our customers in sharing data, as well as providing options to install systems that can help our customers to operate more efficiently and sustainably, such as solar. In the future, we may have more quantifiable metrics on the coverage of our portfolio with leases that specifically contain cost recovery clauses for resource efficiency-related capital improvements. At the end of 2022, approximately 31% of total leases globally were the Prologis Clear Lease, as measured by area.</p>
IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	<p>Prologis is in the process of expanding our global data gathering systems and evaluating various solutions, including submeter systems for our various tenant spaces. Within the Prologis Clear Lease, we have adopted green lease language that seeks to better collaborate with our customers in sharing data, as well as providing options to install systems that can help our customers to operate more efficiently and sustainably. In the future, we may have more quantifiable metrics on the coverage for spaces that are using these types of metering systems.</p>

CODE	ACCOUNTING METRIC	PROLOGIS INFORMATION
IF-RE-410a.3	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Prologis works with a third-party data collection consultant to track customer energy consumption for our global portfolio. Prologis' LED Essentials program is dedicated to collaborating with customers to accelerate LED lighting upgrades that improve the operational efficiency of our customers' businesses and decrease customer energy consumption and associated emissions. 71% of our owned and managed operating properties, excluding properties from the Duke and Urban Spaces acquisitions, had LED lighting at the end of 2022. Our modern, efficient and resilient building design saves money for our customers and minimizes impacts on our communities. Our focus on urban locations allows our customers to meet consumer expectations around expedited delivery, while also reducing overall transportation emissions from shortened delivery distances. By incorporating ESG concepts into our lease agreements, deploying sustainability solutions through the <a href="#">Prologis Essentials Marketplace</a> and providing our customers with information packets that include sustainable practices, Prologis improves the sustainability impacts of our customers. We monitor local benchmarking ordinances and work with our property management team to educate customers on how utility data collection can be automated.
<b>CLIMATE CHANGE</b>		
IF-RE-450a.1	Area of properties located in 100-year flood zones, by property subsector	Using third-party data and internal tools for mapping and evaluating physical climate risk exposure at the asset level through science-based climate scenarios, we can proactively implement mitigation strategies that further the resilience of our global portfolio. This includes implementing site-specific mitigation measures, such as raising a property out of the base flood elevation, raising the height of dock doors and other measures to ensure the long-term resilience of our assets. Disclosing a metric on the area of properties within 100-year flood zones would need additional context to understand the site-specific mitigation measures that have been put in place to lower the associated risk from the flood zone. We will continue to explore additional disclosure of this data in response to stakeholder feedback.
IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Prologis takes a proactive approach to assessing natural hazards and climate exposures across our portfolio, including earthquakes, storms, floods and coastal exposure. Prologis' Risk Management team is actively evaluating our portfolio exposure to ensure that we have sufficient coverage and protection for our buildings, as well as using third-party data to look ahead and evaluate climate scenarios that may impact our properties in the future. These assessments allow us to determine the appropriate risk mitigation measures for our portfolio and plan for longer term trends. We take preventative measures to improve the resiliency of our buildings to promote business continuity in our customers' operations. As a result of our long-term planning, resiliency measures implemented and diverse portfolio footprint, we believe impacts to our portfolio arising from climate change are well managed.

# TCFD disclosure

Prologis' approach to identifying and managing climate-related risks and opportunities in line with the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD) encompasses:

- Dynamic risk management strategy focused on resiliency
- Evaluating physical climate risk exposure at the asset level using science-based climate scenarios
- Following a Science Based Target (SBT) for determining GHG emissions reduction targets across Scope 1, 2 and 3 emissions

Prologis has an established track record of ensuring its portfolio remains resilient for its customers and stakeholders. This commitment not only focuses on acute, near-term risks such as hurricanes and flooding, but also considers longer-term trends resulting from the changing climate. We develop assets with a long-term ownership horizon in mind and have preparedness plans in place that have consistently differentiated our response and helped us to deliver business continuity to our customers. Looking forward, we are working with third parties on climate-related scenario analysis to evaluate the exposure of our global assets to physical, natural hazards across our portfolio, and to ensure we continue to be prepared for changes in frequency and severity of extreme weather events. In addition to being a listed TCFD supporter and having TCFD-aligned public disclosures, we have strong engagement from our executive team and board members in evaluating climate-related risks through briefings by the ESG and Risk Management groups, and a robust program to track our efforts through metrics and targets. For our SBT we are in the process of updating our target through the Science Based Targets initiative's validation process to align with the 1.5 degree Celsius scenario as part of our commitment to net zero across our value chain by 2040. Our updated SBT will guide our transition to a low-carbon future by reducing GHG emissions across our operations, portfolio of assets and throughout our value chain.

## Governance

*The organization's governance around climate-related risks and opportunities.*

- Risk, including climate-related risks, are part of the Prologis board's oversight responsibility. Board updates have focused on Prologis' climate-related physical risk assessments, coastal risks, as well as ESG progress on GHG reductions and the expansion of our sustainability offering for customers (e.g., solar installations, etc.).
- Our chief legal officer and general counsel oversees the Risk Management team and our chief operating officer oversees our Energy, Mobility, Sustainability and ESG teams with broad support and engagement across the entire organization. One example is our structured Investment Committee process, overseen by our Executive Committee, that requires risks and ESG considerations be evaluated for every investment decision. Furthermore, Prologis' new chief energy and sustainability officer reports directly to our chief operating officer and leads the sustainability program that will help our customers transition to a low-carbon future.



## Strategy and risk management

*The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning. The processes used by the organization to identify, assess and manage climate-related risks.*

- Prologis is a long-term owner of logistics real estate. This requires us to evaluate material risks and opportunities that may arise over the short- (out to 2030), medium- (2030-2040) and long-term (2040-2050) time horizons, as well as risks that are acute or chronic, including those associated with climate change. Evaluating risks and opportunities and the potential financial implications ensure the resilience of our assets and our customers operations, while also identifying opportunities to deliver sustainable solutions to our customers.

Our process for identifying and prioritizing risks & opportunities: Prologis utilizes a dynamic risk oversight process to identify, evaluate and manage risks across our enterprise, including ESG-related risks such as climate change.

By embedding ESG and risk management throughout the organization, Prologis evaluates the material risks and opportunities associated with climate change. This can include risks from potential severe weather, flooding or coastal risk, and opportunities with enhanced energy-efficiency products, renewable energy development, just to name a few. We also account for these risks and opportunities in our Investment Committee process.

- Prologis takes a proactive and customer centric approach to mitigate our exposure to risks and create sustainable solutions that benefit our customers:
  - Products and services
    - Examples include the Prologis Essentials LED lighting program that helps our customers to lower energy costs and have more efficient operations by upgrading to highly efficient LED lighting that can lower energy costs by 60%-80%.

- Supply chain and/or value chain
  - Our SolarSmart program enables our customers to utilize onsite renewable energy for their operations, lowering the emissions from their supply chain, as well as from our value chain. Solar installations on our rooftops are also adding more renewable energy into the local utility grids of regions we operate in.
  - Prologis is supporting its customers in the transition to electric vehicles by incorporating EV infrastructure into our new developments. We are also developing a turnkey solution to help customers transition to EVs within our existing buildings, while also establishing collaborative partnerships with local utilities.
- Operations (including types of operations and location of facilities)
  - Responsible investment practices advance green design principles and mitigate environmental, climate and other ESG risks.
  - Our portfolio is diversified across multiple geographies in 19 countries minimizing the material risk to our portfolio from any one asset being exposed to a particular physical climate-related risk.
  - Using third-party data and internal tools for mapping and evaluating physical climate risk exposure at the asset level through science-based climate scenarios, we can proactively implement mitigation strategies that further the resilience of our owned and managed portfolio. This includes implementing site specific mitigation measures, such as raising a property out of the base flood elevation, raising the height of dock doors, and other measures to ensure the long-term resilience of our assets.
- Adaptation and mitigation activities
  - Local and regional teams are equipped with disaster response plans and take various risks into consideration when developing or maintaining our assets to make sure that they are resilient to climate-related risks like flooding or extreme weather events.

- We implement site specific mitigation measures, some examples include: raising properties out of the base flood elevation and raising the height of dock doors; increasing the thickness of roof materials in hail prone areas; and other measures to ensure the long-term resilience of our assets to various natural hazards.
- For various acute risks including storm damage and flooding, Prologis has a comprehensive insurance program in place to transfer risk.
- Investment in research and development
  - The Prologis Ventures group is making investments in various startups that are helping our customers to address ESG-related needs, including tools to help track and report the related emissions from fleet vehicles in their operations.
  - Our Risk Management team has sourced third-party data from one of the world's largest (re)insurers, Munich RE, that allows us to map, score and evaluate the exposure of our assets to current natural hazards and climate-related physical risks under the following climate-related scenarios:

## Representative concentration pathways (RCP) effort-outcomes model

RCP	EMISSIONS REDUCTION EFFORT	ENERGY SOURCES	TRANSPORTATION METHODS IN USE	ENVIRONMENTAL IMPACT, 2081-2100			FINANCIAL COSTS/ ADAPTATIONS NEEDED
				Temperature Rise	Sea Level Rise	Extreme Weather	
2.6	High	Renewable, plus emissions capture	Electric, public transportation, bicycles	1.0° C / 1.8° F	0.4 m / 1.3 ft	Small increase	Low costs, fewer adaptations
4.5	Moderate	Renewable	Mostly electric, bicycles, less internal combustion	1.8° C / 3.2° F	0.47 m / 1.5 ft	Moderate increase	Moderate costs, moderate adaptations
8.5	Low	Fossil fuels	Fossil fuels	3.7° C / 6.7° F	0.63 m / 2.1 ft	Large increase	High costs & adaptations



Representative image of Prologis Risk Management tool.

### Examples of climate-related risks and opportunities

TIME HORIZONS	CLIMATE-RELATED PHYSICAL RISKS	CLIMATE-RELATED TRANSITION RISKS	CLIMATE-RELATED OPPORTUNITIES
Short-Term (Out to 2030)	Increased severity and frequency of floods and storms (Acute)	Enhanced emission reporting and energy benchmarking 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 energy deployment (Energy Source); Customer fleet electrification (Technology; Markets; Products & Services); Carbon storage in building materials (Technology)
Long-Term (2040-2050)	Sea level rise/coastal risk (Chronic)	Net-Zero (Energy Positive) 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)

### Metrics and targets

*The metrics and targets used to assess and manage relevant climate-related risks and opportunities.*

- One of the primary metrics for assessing climate-related risks and opportunities is Prologis' SBT for reducing Scope 1, 2 and 3 GHG emissions. For our SBT we are beginning the process of updating the ambition of our target to align with the 1.5 degree Celsius scenario as part of our commitment to net zero across our value chain by 2040.
- In addition to measuring progress toward our SBT, Prologis also has targets and measures efforts to enhance the efficiency and sustainability of our assets. Metrics on numerous ESG-related initiatives are incorporated into our 2022 bonus targets for all Prologis employees and executives.
  - We aim for 100% LED lighting across our owned and managed operating properties by 2025.
  - We aim for 1 GW of installed solar capacity within our owned and managed portfolio, supported by storage, by 2025.
  - We have a goal to achieve sustainable building certification on 100% of eligible developments and redevelopments globally approved after June 2021.

Further information on our progress toward these targets can be found in our 2022-23 ESG Report.

### Quantitative ESG bonus metrics in our 2022 bonus scorecard

In 2022, ESG metrics accounted for 10% of our bonus scorecard, including 4% for environmental/climate-related performance metrics summarized in the table below. For 2023, ESG metrics will continue to comprise 10% of the bonus scorecard and will include targets for the same three environmental metrics.

PERFORMANCE METRIC	TARGET PERFORMANCE FOR 2022	SUBMETRIC WEIGHTING IN 2022	RATIONALE FOR METRIC
Solar MW installed	350 MW installed in 2022 (22% year over year increase)	2%	Advances our solar program as a customer centric energy solution and ancillary revenue source
Percentage of LED lighting installed across our entire owned and managed portfolio (by area)	67% of owned and managed operating properties using LED (10% more than year-end 2021)	1%	Advances our LED lighting program as a customer energy solution and is critical to achieving our Science Based Target
Percentage of new developments that are certified sustainable (LEED or equivalent)	95% of new developments certified sustainable	1%	Obtaining third-party verification of our sustainable building practices ensures accountability. The process is also a clear framework for implementing green building features and systematic data collection and meeting our carbon emissions and sustainability goals.

# GHG emissions rebaseline

In 2022, Prologis established a new SBT: We will achieve net-zero emissions across our value chain by 2040 from a 2019 baseline. Our baseline year of 2019 has more mature and complete emissions data—an improvement from the baseline year (2016) for our prior SBT.

In addition to setting a new baseline year, we also updated our GHG emissions reporting to reflect the following:

- **Business changes:** We added assets from recent acquisitions, including Liberty Property Trust, Industrial Property Trust, Crossbay’s Urban Spaces portfolio and Duke Realty.
- **Calculation process:** We revised how we estimate emissions from Downstream Leased Assets; how we evaluate outliers (which now include y-o-y data variations of more than 20%); and how we use CBECS values.
- **Accounting choices:** We reviewed and reclassified our GHG data to better align with GHG Protocol definitions and establish a materiality boundary that includes our owned and managed operating and development portfolios.

Although we continue to calculate emissions from Purchased Goods & Services and Capital Goods based on the “dollar spend” methodology, we are working to shift to the preferred “life cycle” approach. Additionally, we have established a de minimis threshold of 5%, applied separately to Scope 1 and 2 emissions and Scope 3 emissions, which, based on best available data, leads us to exclude the following categories from our historical recalculations and our ongoing reporting:

- Refrigerants<sup>1</sup> (1.25% of Scope 1 and 2)
- Chilled Water (0.08% of Scope 1 and 2)
- District Heating (0.04% of Scope 1 and 2)
- Business Travel (0.14% of Scope 3)
- Fuel- and Energy-Related Activities (FERA) (0.04% of Scope 3)
- Employee Commuting (0.15% of Scope 3)

## Historical versus recalculated emissions

Market-based with RECs

■ Historical (old methodology and portfolio) ■ Recalculated (new methodology and portfolio)<sup>2</sup>

Scope 1 and 2, metric tons of CO<sub>2</sub>e



Scope 3, million metric tons of CO<sub>2</sub>e



1. Refrigerants were evaluated under normal operating conditions for comfort cooling. If there are any failures of refrigeration units during the reporting year, their impact on overall reporting will be evaluated.  
 2. Following the Duke acquisition, we consolidated direct operations (divested from Duke-occupied offices and sold mobile assets) and then, as required by the GHG Protocol, re-baselined GHG emissions to determine what they would have been had the portfolios been combined in 2019, 2020 and 2021. Our 2022 consolidation of direct operations results in a 53% year-over-year decrease (64% from our 2019 baseline) in our 2022 reported Scope 1 and 2 emissions.

## Forward-looking statements

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 "goal," "commits," "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.

Please refer to the "Risk Factors" set forth in our most recent Annual Report on Form 10-K for a non-exhaustive list of factors that could cause such forward-looking statements to differ from actual results.

The statements in this report are not intended to expand upon or modify the regulatory disclosures of Prologis Management II S.à r.l. or of our funds as found, for instance, in the SFDR Annex II templates that are part of the pre-contractual documentation of said funds and which include, among others, what we define as environmental and/or social characteristics promoted for SFDR (EU 2019/2088) purposes. Moreover, the statements in this report apply to Prologis as a whole and are not specific to our Strategic Capital business or to any one fund or regulated entity.

# Glossary and definitions

## Acronyms and key terms

**AUM:** short for “assets under management,” which represents the estimated fair value of the real estate we own or manage through both our consolidated and unconsolidated entities.

**Behind the meter:** Electricity generation that does not feed into the local utility's grid.

**Biodiversity:** the variety of life in a particular habitat or ecosystem

**Carbon neutral:** When the carbon dioxide that is emitted is balanced by the removal of an equivalent amount.

**Carbon offset:** an action intended to compensate for the emission of carbon dioxide into the atmosphere.

**DEIB:** diversity, equity, inclusion and belonging

**Development portfolio:** Includes industrial and non-industrial properties, yards and parking lots that are under development and properties that are developed but have not met stabilization.

**DJSI:** The Dow Jones Sustainability Indices are global sustainability indices offered by RobecoSAM and S&P Dow Jones Indices, tracking the stock performance of companies in terms of economic, environmental and social criteria.

**EEO:** equal employment opportunity

**EHS:** environmental, health and safety

**EPS:** earnings per share

**ERG:** employee resource group

**ESG:** environmental, social and governance

**GHG:** greenhouse gas emissions

**GRESB:** “Global Real Estate Sustainability Benchmark” assesses the sustainability performance of real estate and infrastructure portfolios and assets worldwide.

**GRI:** Global Reporting Initiative

**ISO:** International Organization for Standardization

**LED:** LED stands for “light-emitting diode,” a type of energy-efficient lighting.

**LEED:** Leadership in Energy and Environmental Design

**LGBT+:** lesbian, gay, bisexual, transgender/transsexual +

**Net zero:** A greenhouse gas emissions target where a company reduces its emissions by at least 90%, then neutralizes remaining emissions using removal offsets. Prologis' net-zero goal is aligned with the Science-Based Targets initiative's (SBTi's) Net-Zero standard, a key differentiator.

**Operating portfolio:** industrial properties in our Owned and Managed portfolio that have reached stabilization. Assets held for sale are excluded from the portfolio.

**Owned and managed portfolio:** the consolidated properties owned by our unconsolidated co-investment ventures, which we manage.

**REC:** renewable energy credit (add definition)

**REIT:** real estate investment trust

**SASB:** Sustainability Accounting Standards Board

**SBTi:** Science Based Targets initiative

**Stabilized:** For a newly constructed building, 90% occupied or completed for one year, whichever comes first. Upon stabilization, a property is moved into our operating portfolio.

**TCFD:** Task Force on Climate-related Financial Disclosures



**PROLOGIS**

**Prologis**

Pier 1, Bay 1  
San Francisco, CA 94111  
United States  
+1 415 394 9000  
[www.prologis.com](http://www.prologis.com)

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Prologis Tilburg Distribution Center 5,  
Tilburg, Netherlands.