

Staying ahead of customer needs

Prologis Capelin Distribution Center, Torrance, California. This LEED-Certified infill distribution center produces one megawatt of solar power, enough to power 141 homes.

CEO LETTER

Long-standing commitment

Dear Stakeholders,

Since the company’s inception, our forward-looking vision has pushed us to seek ways that keep us ahead of the evolving supply chain. Taking the long view, we have built a portfolio of strategically located assets that meet our customers’ needs and help to solve their pain points around location, energy and labor. The rise of e-commerce and demand for shorter delivery times have led customers to seek locations closer to end consumers. With increased customer interest in automation, we continue to identify and implement solutions to maximize energy efficiency. As these influences continue to shape our business strategy, they also continue to demonstrate the importance of environmental, social and governance (ESG) within that strategy.

Our future-focused approach to ESG not only enables us to be resilient in a dynamic world, but also demonstrates leadership across the global business community. This year, we were the top-ranked U.S. company and sixth overall on the 2019 Global 100 Most Sustainable Corporations in the World list published by Corporate Knights, announced at the World Economic Forum in Davos.

We are committed to demonstrating alignment on matters such as climate change, which are important to our customers, employees, investors and communities. In 2018, we became the first logistics real estate company with an approved Science Based Target (SBT) to reduce greenhouse gas (GHG) emissions. In our innovation center, Prologis Labs, we partner with our customers to test cutting-edge

“ I know our long-standing commitment to ESG is a competitive differentiator that helps us better serve our customers, deliver value to our business and stay ahead of what’s next. ”

technologies. These new technologies, such as motion sensors and smart meters, improve the operating efficiency of our buildings while advancing our progress toward meeting our SBTs.

In 2018, we became the first logistics real estate company in the world to have a logistics building receive WELL Certification, which uses building design to further promote customer health and well-being. We also launched the Community Workforce Initiative (CWI) in three major markets (Los Angeles, Miami, Chicago). We are partnering with local workforce development organizations to provide training and job placement to underserved communities, while helping our customers build a talent pipeline in logistics. By bridging our customer needs with community needs through CWI, we generate value, growth and goodwill in communities strategic to our business.

At Prologis, ESG is good business—a part of our strategy since our beginning. A fundamental starting block is strong governance that provides oversight



Hamid R. Moghadam, chairman and CEO

at all levels. As a testament to this, our governance program has been recognized by Green Street as the best in the REIT industry for 16 years in a row.

We are uniquely positioned. No other real estate company has the portfolio, scale or infrastructure to serve customers the way we can. Taking this vision forward, building on all that we have built, is what energizes me and our team around the world every day. I am excited for our future. As I look ahead, I know our long-standing commitment to ESG is a competitive differentiator that helps us better serve our customers, deliver value to our business and stay ahead of what’s next.

Sincerely,

Hamid R. Moghadam
Chairman and Chief Executive Officer

2018 IN REVIEW

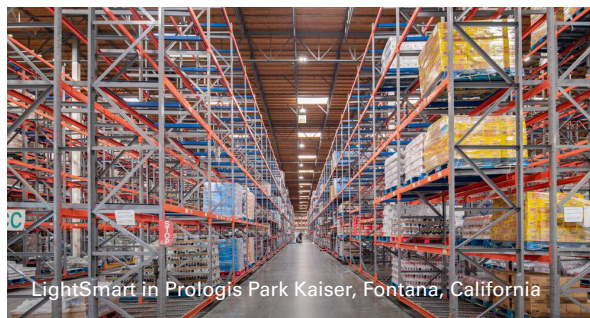
A year of firsts



LEED Gold-certified Prologis Huizhou Huiyang Logistics Center, Huizhou, China

First in U.S., sixth globally in Corporate Knights' Global 100

The Global 100 is one of the leading authorities for sustainability assessments. This most recent recognition was Prologis' 10th time in this select group, benchmarking our performance among other industry leaders.



LightSmart in Prologis Park Kaiser, Fontana, California

First logistics real estate company with an approved Science Based Target (SBT)

SBTs are greenhouse gas (GHG) reduction goals that are approved by SBTi, an internationally recognized assessor of GHG goals. Since exceeding our original carbon emissions reduction goal in 2016, four years ahead of schedule, our SBT deepens our commitment to reduce our global carbon footprint.



Prologis CWI facilities tour, Aurora, Illinois

First logistics real estate company to launch workforce initiative

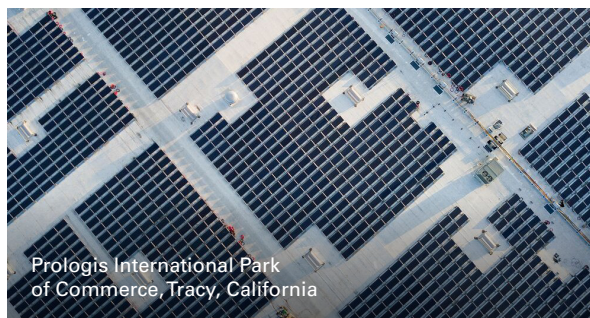
The Prologis Community Workforce Initiative (CWI) addresses customers' labor needs by providing logistics career training and job placement opportunities with our customers.



First U.S.-based WELL-Certified logistics facility at Prologis Park Tacoma, Tacoma, Washington

First logistics real estate company in the world to achieve WELL-Certification

The WELL Building Standard, administered by the Well Building Institute, focuses on enhancing building design for occupant health and well-being, which can help customers attract and retain talent in a tight labor market.



Prologis International Park of Commerce, Tracy, California

First logistics real estate company to receive the Gold-Level Green Lease Leader award

Green Lease Leaders are chosen based on their commitment to increased performance and sustainability in buildings and best practices in leasing. This award recognizes our partnership with our customers in reaching shared ESG goals.



BREEAM-certified Prologis Park Moissy, Moissy Cramayel, France in PELF green bond portfolio

First green bonds issued by a logistics real estate company

Green bonds fund projects designed to reduce environmental impacts. The strength of our sustainable building program allows us to tap into green financing and attract environmentally conscious investors.

THE BUSINESS CASE FOR ESG

ESG creates value

As an industry leader, we show that not only does ESG benefit our communities and the environment, but it creates value for our customers, investors and other stakeholders and, in turn, grows our business.

“ It was important to prove our commitment to sustainability through actions, rather than words—that’s why we chose to locate our main distribution center in a Prologis building. ”

Adam Hall, Head of Sustainability, Internet Fusion

THE PROLOGIS ESG MODEL



OUR MODERN, SUSTAINABLE BUILDING DESIGN AS A BRAND DIFFERENTIATOR

Sustainable Building Certifications

- 162% growth**
53 MSF in 2014 to 139 MSF in 2018
- 13x greater**
than S&P 500 REIT industry average^{1,2}
- Solar**
- 65% growth**
113 MW in 2014 to 186 MW in 2018
- 26x greater**
than S&P 500 REIT industry average^{1,2}

ENERGY, WASTE AND WATER SAVINGS BENEFITING OUR CUSTOMERS



- Up to 42%**
estimated energy cost savings on average to customers^{3,4,5}
- 79%**
of construction waste (6,880 tons) recycled and diverted from landfills^{4,6}
- 30-60%**
average operational water savings^{4,5,6,7}

FINANCIAL RESILIENCE

Top REIT balance sheet (A3/A- credit rating)⁸

OPERATIONAL RESILIENCE

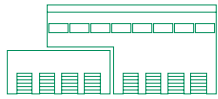
Leveraging scale and innovation to develop proprietary data modeling and tools, assessing risk, natural catastrophe factors and future disruptors impacting our industry

REPUTATIONAL RESILIENCE

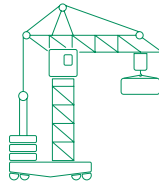
Creating a culture where ESG is owned by everyone and all are empowered to do the right thing through company-wide communications and training on strategy, risk management and ethics

1. Solar average and average square footage for sustainable building certifications based on available information in latest sustainability reports of REITs within the S&P 500
 2. Source: <https://www.reit.com/data-research/reit-indexes/reits-sp-indexes>
 3. Average over the five-year period 2014-2018
 4. For developed buildings certified through our LEED Volume Program
 5. Compared to a market base case per LEED certification methodology
 6. Based on data for the calendar year 2018
 7. Based on research from BranchPattern, our third-party LEED Volume program consultant—estimate indoor operational water savings: 30 percent; estimated outdoor operational water savings: 60 percent
 8. Ratings by Moody’s and S&P, respectively. A securities rating is not a recommendation to buy, sell or hold securities and is subject to revision or withdrawal at any time by the rating organization.

OUR CUSTOMER-FOCUSED BUSINESS MODEL IS WORKING



Real estate operations
leases prime logistics facilities in global infill markets where our customers want to be



Development
builds the modern assets in centers of global trade—assets that are scarce and in demand by our customers



Strategic capital
enables responsible growth in global markets, while earning asset management and incentive fees

OUR GLOBAL LEADERSHIP

Scale augments efficiency.

\$87B
in assets under management (AUM)

768MSF
owned, managed or under development

19
countries

3,690
buildings

Partnership ensures enduring value.

5,100
customers

800
multisite customers

97.2%
global occupancy rate

Business model delivers results.

87.4%
five-year TSR¹

558 bps
outperformance over MSCI US REIT Index over past five years

57%
greater dividend CAGR than REIT average²

131%
increase in net earnings per share over the last five years

61%
increase in Core FFO per share over the last five years³

All data is as of December 31, 2018.

1. Total stockholder return ("TSR") is calculated based on the stock price appreciation and dividends paid to show the total return to a stockholder over a period of time. TSR assumes dividends are reinvested in common stock on the day the dividend is paid.
2. Includes REITs in the RMZ as of 12/31/2018 with data for every year in each respective period. Compound Annual Growth Rate (CAGR) weighed on market cap as of December 31, 2018, and measured over the past five years.

OUR SUSTAINABILITY AT A GLANCE

Our forward-looking approach to sustainable design, development, operations and culture delivers long-term value for our stakeholders.



Employees
98%
of employees completed engagement survey versus external benchmark of 70-80%⁴

100%
of employees have access to career training and education

4
business days per employee annually to volunteer with charitable organizations



Customers
88%
of our top 25 customers rent our sustainability certified space, and 76% of our top 25 customers align with us in supporting the UN Sustainable Development Goals

8.4%
higher retention rates with our top customers (covering 30% of our total square footage) that engage with us through our outreach programs



Environment⁵
186 MW
of total solar energy generating capacity

374
sustainable building certifications in 18 countries

42%
of total operating portfolio has cool or reflective roofing

88%
of total operating portfolio has efficient lighting



Communities⁶
50,000+
volunteer hours
\$13 Million
in charitable contributions from the Prologis Foundation

\$5 Million
of in-kind rent donated to local nonprofit organizations through the Space for Good Program

3. Core FFO per share is a non-GAAP measure. Please see our annual report filed on Form 10-K with the Securities and Exchange Commission for a discussion and reconciliation to the most directly comparable GAAP-measure.
4. Survey completed in 2017, administered every two years.
5. Environmental totals across the portfolio as of December 31, 2018.
6. Figures calculated under the Communities section are aggregated from five years of data (2014-2018).

REDUCING OUR CARBON FOOTPRINT

Implementing a new Science Based Target

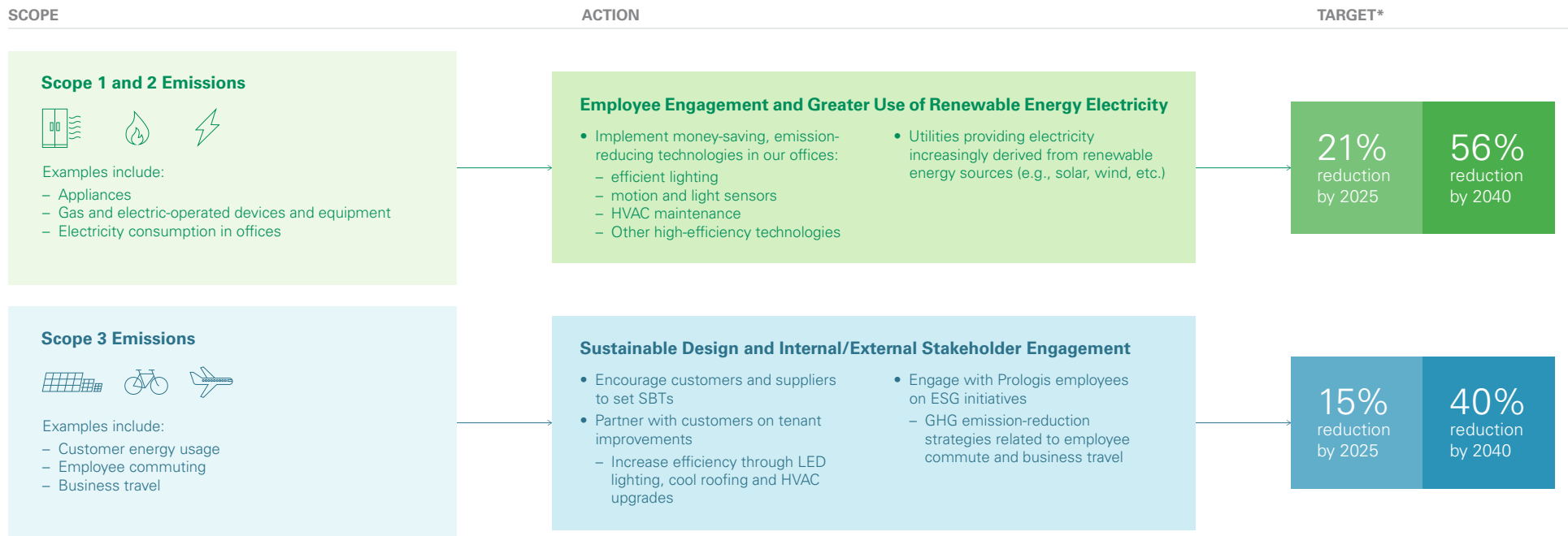
We have demonstrated leadership setting an example in our industry through early adoption of greenhouse gas (GHG) emission reduction goals. Science Based Targets (SBTs) are GHG reduction goals approved by the Science Based Target Initiative (SBTi), an internationally recognized consortium that applies methodology developed and accepted by the scientific community. Prologis' accepted SBT is shown in the graphic

below illustrating how we plan to reduce the two categories of GHG emissions in order to meet our goals. Our SBT will also drive greater operational efficiency throughout our business as we pursue advanced technologies and other means to reduce energy usage. Additional information about Prologis' efforts to reduce our carbon footprint and reach our SBT can be found on our [2018 ESG Impact Report microsite](#).

As of year-end 2018, nearly **40% of our top 25 customers** had committed to setting their own SBTs.

GREENHOUSE GAS EMISSIONS REDUCTION ROADMAP

Roadmap to achieve Prologis' Science Based Target



Science Based Targets (SBTs) are GHG emissions reduction goals that align with the current scientific understanding of climate change to keep global warming below 2 degrees Celsius.

*Percent reduction targets above are based on a 2016 baseline

ESG GOALS AND TARGETS

Aligned with business and customers

Prologis’ ESG program is guided by ambitious goals and targets that advance our business imperative. Our goals demonstrate our industry leadership to customers and investors by aligning with them in pursuit of initiatives, such as the UN Sustainable Development Goals (SDGs), which are committed to overcoming global ESG challenges. Prologis’ ESG goals promote our business strategy by improving the operational efficiency of our buildings, leading to reduced costs through sustainably certified buildings,



efficient lighting and cool roofs. Our solar energy program has been recognized continuously by the Solar Energy Industries Association (SEIA), most recently as third among all U.S. companies for installed solar capacity. Each year, we continue to grow our reputation as a renewable energy leader as we approach our 200-megawatt-by-2020 goal. Prologis has a long history of engaging with local communities, strengthening our partnerships in markets key to our business. Finally, within our organization we ensure

that we maintain a culture of strong governance by engaging with 100 percent of employees globally through such initiatives as our annual ethics training.

Third among all U.S. companies for installed solar capacity recognized by the SEIA

PROLOGIS ESG GOALS

Aligned with United Nations Sustainable Development Goals (SDGs)

SDG	INITIATIVE	GOAL	PROGRESS
	Solar Power Generation	200 MW by 2020	
	Hours Spent Benefiting Local Communities Globally	Increase hours 20% by 2025	Baseline year is 2018
	Sustainable Building Certifications	100% designed to sustainable building certification standards ¹	162% increase over 5 years ²
	Energy-Efficient Lighting	100% (includes LED, T5/T8)	

SDG	INITIATIVE	GOAL	PROGRESS
	Cool Roofs	100% new development and property improvement ³	
	GHG Emissions Reduction, Scope 1 and 2 (Science Based Targets)	21% reduction in Scope 1 and 2 GHG emissions by 2025	SBT approved in 2018
	GHG Emissions Reduction, Scope 3 (Science Based Targets)	15% reduction of Scope 3 GHG emissions by 2025	SBT approved in 2018
	Employee Ethics Training	100% Annually	

1. The goal is to design to sustainable building certification standards or with sustainable design features as appropriate and in line with customer specifications.
 2. Certifications can be secured after the development has stabilized; therefore, we are showing 5-year progress to capture certifications received over such period.
 3. As appropriate given local climate factors.

ENVIRONMENTAL STEWARDSHIP

Customer-focused building design

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. We continue to explore innovative design features to improve our customers' experience and minimize our impact on the environment.

THE DEMONSTRATED BENEFITS OF EFFICIENT BUILDING DESIGN FEATURES



ENOUGH FOR A LARGE NEIGHBORHOOD

Prologis has long been a leader in promoting the growing solar energy industry. An example of the significance of our **solar program** can be found in New Jersey, where a solar installation on our roof produces enough **energy to power the equivalent of more than 770 average homes** (>9 million kilowatt hours) in the New Jersey area.



ELECTRIFYING GROWTH IN CHINA

Our **electric vehicle charging stations** at our facilities in China have delivered a total of **331,540 kilowatt hours** of electricity for vehicles. This equates to avoiding more than 834,000 pounds of carbon dioxide emissions per year, the **equivalent of removing 80 passenger cars** from the road.



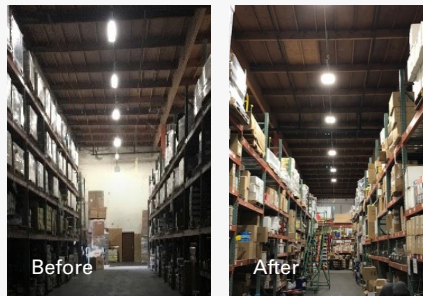
WASTE NOT, WANT NOT

In the New York market, we have realized significant cost savings by **recycling old asphalt** onsite, thereby eliminating the GHG emissions that would be created from trucking the material offsite. A recent project **saved 40 percent on the cost of new asphalt** and reduced downtime for the facility.



COOL ROOFS, COOLER TEMPERATURES

Cool roofs have the ability to reduce the inside temperature of a building significantly. For example, at Prologis Park Pharr Bridge #7 in Reynosa, Mexico, a cool roof **reduced internal temperatures by 20 degrees Fahrenheit**.



SHINING A NEW LIGHT

Prologis [LightSmart program](#) is accelerating the transition of our portfolio to more efficient **LED fixtures**. Not only did LED lights create brighter working conditions at Prologis Park San Jose 3 in San Jose, California (as demonstrated in the before and after photos), they **reduce annual energy use in the building by 84 percent**.



RAIN IS OUR GAIN IN THE UK

In the UK, **rainwater harvesting systems** have been standard for all new developments since 2009. These systems store rainwater for non-potable uses onsite. For example, Prologis Marston Gate DC4 in Dunstable has demonstrated significant water savings with the rainwater system providing an average of **1,600 liters of rainwater per week** in 2018. This **cut water use in half** in the building, resulting in an **annual savings of 83,200 liters**.

BUILDING OF THE FUTURE

Prologis Labs

Prologis Labs, our 13,000 square foot innovation center located in the heart of the San Francisco Bay Area, focuses on five categories of projects that benefit Prologis, our customers and the logistics sector:

- Digital supply chain/digital warehouse
- Labor and well-being
- Next-generation warehouse
- Transportation
- Urban fulfillment

Core product development takes place at our home lab in Northern California and at interim pop-up labs around the globe. At these sites, we are working with key customers to explore options that could help them improve operations. The team is conducting a number of experiments that support worker safety and well-being, energy efficiency and sustainability.

Employee Health and Well-Being

A top concern for Prologis customers is sourcing and retaining employees. Prologis Labs is exploring design features, such as **modular smart living walls**, to create a visually inviting space that introduces air purification, humidity and color into the warehouse. Creating an inviting environment inside our buildings can improve employee retention for our customers.

Safety

Worker safety is another top concern for Prologis customers. Prologis Labs is experimenting with **flexible barriers and bumper systems**. The systems provide safety for personnel as they enter active areas of the warehouse and are designed to flex and absorb the impact of a fork truck or other material handling equipment, protecting the operator, equipment, workers and the building from damage.



“ Everything that Prologis Labs is doing is related to ESG in some way. ”

Gary Bruns, VP, IT Architecture & Emerging Technologies

Prologis Labs team, San Leandro, California

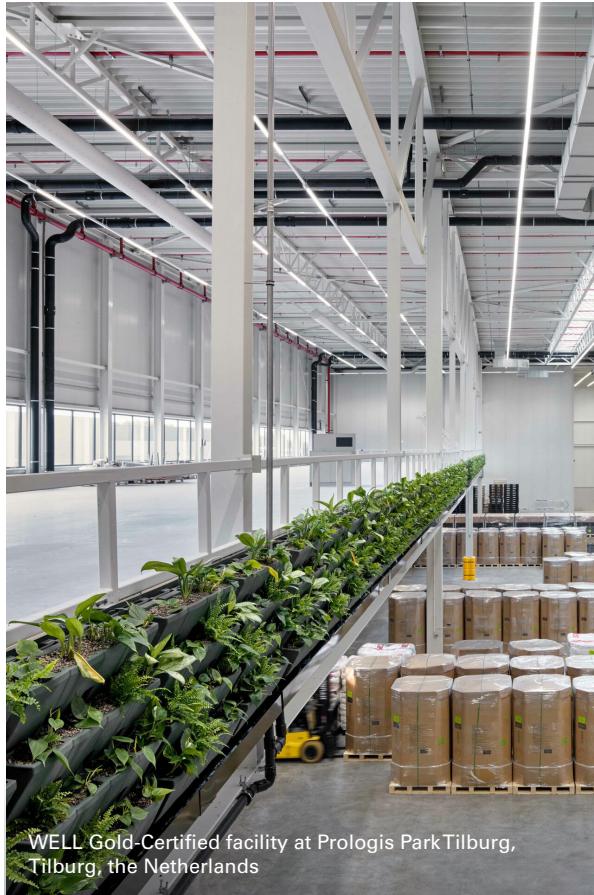
Energy

Prologis Labs also focuses on energy use. The team is pursuing several circuit-level **electricity monitoring solutions**. Circuit-level monitoring provides a detailed picture of how electricity is used in a building and can identify opportunities to conserve energy. The data collected through these platforms can give customers visibility into energy consumption, cost and building occupancy patterns.

At the end of 2018, there were **63 experiments** in the pipeline at Prologis Labs. All experiments are analyzed for potential revenue generation, customer benefits, risk management gains and cost savings that can be passed on to customers, investors, partners and communities.

BUILDING OF THE FUTURE

Future-proofing our global portfolio



WELL Gold-Certified facility at Prologis Park Tilburg, Tilburg, the Netherlands

REAL-TIME ENERGY AND HEALTH DATA

At one of our newest properties in Tilburg in the Netherlands, we employ “Internet of Things” (IoT) sensors to collect and analyze information that visualizes key building data on an interactive smart wall and additional displays throughout the facility. Monitoring and sharing real-time data informs customers about the climate and air quality of their working environment. This gives them a better understanding about the health and well-being benefits from our buildings, as well as helping conserve electricity and reduce energy costs.



Tesla battery storage at Prologis DIRFT, Daventry, UK

ELECTRIC BATTERY STORAGE

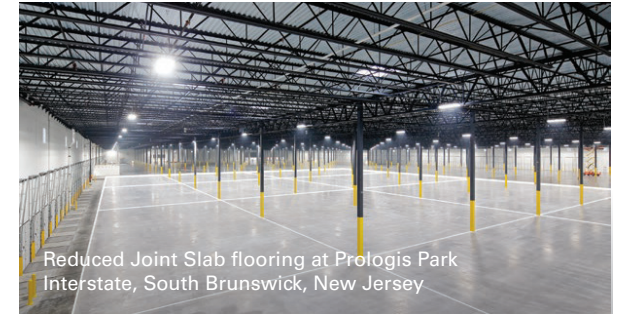
The 116,000 square foot, state-of-the-art, rail-accessed logistics building at DIRFT in the UK will help customers realize energy and cost savings through a combination of skylights that provide natural daylighting and a rooftop solar installation, paired with three 15kWH Tesla Powerwall battery storage units.



Drone tests with Prologis team in Chicago

DRONE INSPECTIONS

In Chicago, Prologis partnered with technology providers to analyze pavement conditions with autonomous drone missions for Prologis sites. In addition to the data-gathering benefits of drone-enabled pavement inspections, drones reduce inspection costs by 30 percent compared to traditional in-person inspections, while enhancing site resilience and safety through this technology. Thanks to our scale and market density, Prologis is able to bundle work for cost efficiency.



Reduced Joint Slab flooring at Prologis Park Interstate, South Brunswick, New Jersey

REDUCED JOINT SLAB

Our efforts to deploy Reduced Joint Slab concrete improve building resilience, structural integrity and human well-being. This concrete reduces the number of joints to repair and maintain. It creates a smoother work surface for forklift operators and workers in the building, and ensures a surface ideal for increased automation.



Trucks unloading at Prologis Park Izcalli, Mexico City, Mexico

DWELL TIME REDUCTION

Prologis is partnering with technology providers to gain insights into reducing “dwell time,” the duration a truck or carrier spends waiting to load or unload goods at a facility. A longer dwell time translates to more fuel consumption, greater emissions and higher transportation costs in our customers’ supply chain operations. The tools we generate will help increase our customers’ operational efficiency and reduce GHG emissions.

INFILL STRATEGY ADDING VALUE

Locations ideal for our customers, consumers and the environment

Our location strategy, focused at the core of urban consumption, not only addresses our customers' need for speedier delivery times, but also positively impacts communities and the surrounding environment. Locations closer to the end consumer

reduce drive times and thereby reduce resulting emissions. According to the Environmental Defense Fund, **if every 1,000 customer trucks reduces their journey by 10 miles, we can avoid more than 37,000 pounds of carbon dioxide emissions.**¹

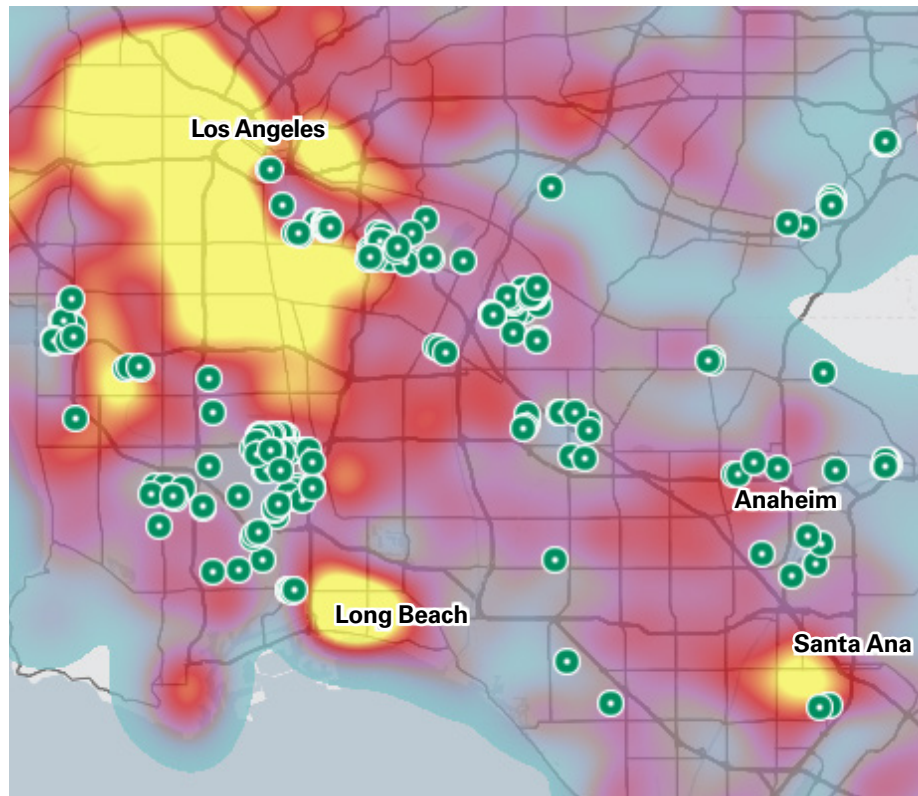
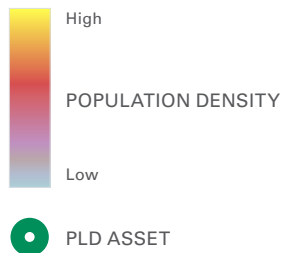
OUR PROPERTIES AT THE HEART OF URBAN DENSITY = LESS CARBON EMISSIONS

[View this map online](#) →

171 buildings in the greater LA area²

76% of our buildings are within 0.5 miles of public transportation stops

Nearly 90% of the LA population is within a 20 minute drive time of Prologis properties



1. EDF, [Green Freight Handbook](#), Pg. 11
 2. The greater Los Angeles area includes the Inland Empire and is visible on the expanded map on the [ESG Impact Report microsite](#).



BROWNFIELD REDEVELOPMENT – A COMMUNITY COLLABORATION

Prologis partnered with neighborhood mural artists to paint the exterior wall for one of our properties in the Bronx, New York, which celebrates local culture, reduces vandalism and minimizes repainting costs.

Nearly 20 million square feet of brownfield industrial area redevelopment into Class-A real estate and infrastructure since 2007

CONNECTING CUSTOMERS WITH COMMUNITIES

Community Workforce Initiative creates opportunities

In 2018, we launched our Community Workforce Initiative (CWI) in several pilot markets in the U.S. The program emerged as the Prologis leadership team heard from our customers that the lack of a sufficient workforce was one of their greatest challenges. Customers are competing for limited workers in an expanding market pushing for rapid fulfillment of e-commerce purchases.

Leveraging our unique position as a leader in the logistics industry, we created CWI to connect our customers with our communities. We partner with community organizations to provide training, skills development and job placement with an aim to help our customers build a talent pipeline in the booming logistics field. We launched the program in Los Angeles in September of 2018 with EXP, a nonprofit workforce development organization. We

extended the program in December to partner with Miami-Dade Public Schools, as well as the Quad County Urban League in Chicago, and will expand to a number of international and U.S. markets in 2019 and beyond.

“ Creating opportunities for students to expand their skill capacity and broaden their base of knowledge is paramount to preparing them for success after graduation, and our partnership with Prologis will allow us to expand this important work. ”

Alberto M. Carvalho, Miami-Dade County Superintendent of Schools

171 participants

positioned for internships in Southern California through our CWI partnership with EXP

Graduated first class

from our Chicago CWI pilot program. Prepared by CWI with hands-on training and job-shadowing opportunities, Prologis CWI graduates have found jobs with our customers to start a new career path in logistics

300 students

to be reached through our Prologis Trade and Logistics Lab career development program launched in partnership with Miami-Dade County Public Schools



Powered by Prologis Internship Program kicks off with EXP in Southern California



Facilities tour for CWI trainees in Propel by Prologis program in partnership with the Quad County Urban League in Chicago, Illinois



Ribbon cutting at the Prologis Trade and Logistics Lab in Miami, Florida

GLOBAL VOLUNTEERISM

Long-term partner to communities around the world

As long-term owners of properties, we have a vested interest in helping our communities thrive. It is important to our customers and investors that we reflect their values and, in turn, the values of their constituencies. Community engagement and volunteerism are key elements of our social responsibility program, which strengthens our connection with stakeholders. This includes our long-standing Space for Good program, the Prologis Foundation, IMPACT Day (our global day of volunteerism) and other company-sponsored volunteer projects. Our Space for Good program provides temporary space in our distribution centers for disaster relief, as well as helps charitable organizations address seasonal and short-term needs.

\$13 million donated to nonprofits
through the Prologis Foundation in the past five years

86 months donated
through Space for Good to nonprofits in 2018

8,000 volunteer hours
to 48 charitable organizations at 2018 IMPACT Day

50,000 volunteer hours
sponsored by Prologis over the past five years



FOCUS ON INCLUSION AND DIVERSITY

Inclusion and diversity (I&D), which encourages the free flow of ideas and innovation from all perspectives, is one of our primary strategic initiatives that we call our Five Drivers of Competitive Advantage. This business objective enables us to further reflect the diversity of our customers, investors, and the communities in which we live and work.

In 2018, we began paving the way to strengthen I&D throughout our organization. We continued to include I&D as part of our bonus metrics for all employees. In addition to laying the groundwork for a global employee I&D survey for 2019, our chief executive officer and other members of our executive team routinely visited offices around the globe to engage with employees and encourage open communication.

Outside of Prologis, we worked with the Urban Land Institute (ULI) by sponsoring women in commercial real estate to attend ULI's annual conference and encourage them to pursue opportunities in ULI's Product Councils. We sponsor scholarships through NAIOP, supporting under-represented minorities and women to obtain credentials in real estate development and deployment. These scholarships not only help grow greater I&D within our industry, but enable us to identify and integrate highly qualified, diverse leaders into our own business. NAIOP recognized us as [Diversity Champion of the Year at the NAIOP Best of the Bay Awards](#) for our many positive contributions promoting diversity in commercial real estate.

More information about these programs and initiatives can be found on the [2018 ESG Impact Report microsite](#).



Prologis managing director Gayle Starr leading panel discussion at ULI/Women's Leadership Initiative, San Francisco, California

UNDERSTANDING CUSTOMER NEEDS

The first WELL-Certified logistics facility

Given the tight labor market, our customers’ needs are evolving to focus on proximity to labor and facilities that accommodate employees. Our building features can help our customers by enhancing health and wellness. In 2018, we became the first logistics real estate company with a WELL-Certified facility at Prologis Park Tacoma, Washington. In 2019, our facility at Tilburg, the Netherlands was the first WELL Gold Certified building in the logistics real estate industry.

We coordinated with the International WELL Building Institute (IWBI) to help set the standard for WELL building certifications in logistics and distribution real estate. At Park Tacoma, eight murals were completed inside the building that were painted by a local artist, promoting a connection with the outdoors. Our customers have repeatedly told us how their employees enjoy the murals and walking trails.

Additional information about our efforts to promote employee and customer health and well-being can be found on our [2018 ESG Impact Report microsite](#).

LEED Silver Certification and WELL Building Certification-Silver
Prologis Park Tacoma Building D

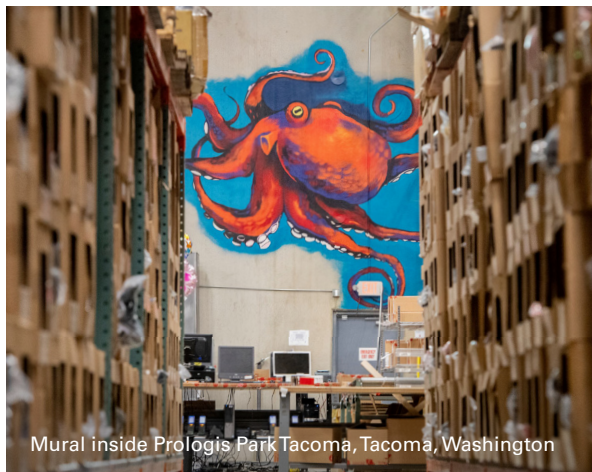
35% estimated energy cost savings
when modeled against base case

96% of construction waste diverted
from landfill, as well as significant use of local and recycled building materials

31% operational water use savings
from water-conserving components

Natural daylight
coupled with energy-efficient lighting

Outdoor walking trail and garden



Mural inside Prologis Park Tacoma, Tacoma, Washington



Natural light fills the interior at Prologis Park Tacoma, Tacoma, Washington



Chairman and CEO Hamid Moghadam at CAB

ENGAGEMENT THROUGH CUSTOMER SUSTAINABILITY ADVISORY COUNCIL AND CUSTOMER ADVISORY BOARD

Our partnerships with customers helps align our ESG strategy and enable our customers to achieve their own goals—both at the Customer Sustainability Advisory Council (CSAC) and our Customer Advisory Board (CAB). We engage in these forums to better understand our customers and how we can use our ESG program to better serve them, identify shared ESG goals, target specific projects or initiatives, and promote cross pollination of ideas and information sharing.

CSAC promotes open communication lines with key customers to help us use our programs, such as LightSmart and CWI, to provide them with solutions they need. Through the CSAC’s quarterly meetings, the group has identified innovative technologies and ways to enhance building resilience, promote greater data gathering and address climate-related initiatives, such as SBTs. Growing out of the quarterly meetings have been new deals with our LightSmart program, the piloting of new water saving technologies and increased CWI participation, just to name a few.

GOVERNANCE

Strong oversight preserves value

Integrated oversight across all levels of the company helps preserve value and proactively mitigate risk. It supports financial, structural, operational and reputational resilience to our business. The resilience and dependability of our business makes us a reliable partner for our customers, investors, employees and communities.

Prologis’ ESG program is overseen by our board governance and nomination committee. The ESG team reports directly to our chief legal officer and general counsel who reports directly to our chief executive officer. Keeping an “ear to the ground,” our directors meet with employees and visit our properties to ensure that the vision, strategy and culture of the company is aligned and embraced at all levels. Our director, Bill Zollars, for example, goes into the field, giving presentations to provide insight from his years of business experience—focusing on what is important strategically to ensure the resilience of our company. This gives him insight and a keen

“ As a long-standing member of the Board Governance Committee, I have witnessed and supported Prologis’ steadfast commitment to ESG—as a value add to the business and a brand differentiator. ”

Bill Zollars, Prologis Board of Directors



Prologis Board Member
Bill Zollars, San Francisco, California

perspective that he brings to his decision-making as a director and a member of the board governance and nomination committee and the talent and compensation committee.

Beyond the board, we are committed to rigorous oversight at all levels. We have an active investment committee that performs diligence over every capital decision to ensure that the company’s financial assets are protected. This committee is regularly refreshed with new, diverse perspectives from a rotation of senior members throughout the organization. Our property managers are on the ground in all our markets, keeping close watch over our customers and our facilities so they can quickly respond to their needs. Our risk management team actively evaluates our portfolio exposure to ensure that we have sufficient coverage and protection of our facilities and are prepared for whatever changes may come.

Risk management ensures resilience and safety

Effectively identifying and managing risk is critical to maintaining business resilience and operational continuity. At Prologis, ESG has always gone hand in hand with risk management. We take preventative measures to improve the resiliency of our buildings to promote business continuity in our customers’ operations. In the last several years, we have been fortunate to avoid catastrophic losses caused by natural disasters, but we always seek to be better prepared for the next major event. Because of the scale of our business, we are able to negotiate reduced rates and priority status with nationally recognized service providers. For example, in 2018 several of our properties in Texas were in the path of hail storms that damaged a number of our rooftops and skylights, but the disaster recovery vendors we already had under contract were able to respond within hours to assess the damage and begin repairs. The quick response prevented loss to the interior of the buildings and our customers’ property.



Customers attending risk management workshop, Denver, Colorado

Another critical aspect of risk management at Prologis is safety. Prologis focuses on providing exceptional customer service with state-of-the-art, Class-A real estate and maintaining high safety standards within our construction practices to actively ensure the safety of our employees, customers, suppliers and contractors.

Risk Management and Safety Highlights

- One-on-one director interviews to update risk map
- Proprietary risk assessment models focusing on financial, real estate and enterprise risks, as well as risks relating to climate change, flood, earthquakes and wind
- Comprehensive insurance infrastructure that leverages our scale to cover potential damage
- Best-in-class research team monitoring the markets
- Proactive storm preparation and emergency response for business continuity (e.g. emergency response plans, seismic isolators/gas shutoffs, emergency power and water, equipment and response personnel on standby, etc.)
- Safety hotline established in 2018
- More than 25,000 preventative skylight fall safety devices installed in 2018 (will double installations in 2019)
- A general contractor safety summit hosted to identify additional construction safety enhancements
- Increased safety audits to further reinforce high standards for safety compliance

ETHICS AND SUPPLIER COMPLIANCE

Ethical culture drives strong partnerships

Integrity is the cornerstone of every action we take. Our word is our bond. This forms the critical foundation of the partnerships we establish with our customers, investors, employees and communities. Stakeholders trust that we conduct business fairly, ethically and in full compliance with all laws and regulations.

Prologis’ policies also include a commitment to protecting human rights. We have adopted responsible workplace practices and endeavor to conduct business operations in a manner free from complicity in human rights abuses. In particular, Prologis’ core values and culture of integrity (I), mentorship (M), passion (P), accountability (A), courage (C) and teamwork (T)—IMPACT—embody a commitment to ethical business practices and strong corporate citizenship. Prologis’

policy and practice is to provide equal employment opportunities to all individuals, free of discrimination regardless of race, gender, gender identity, creed, religion, sexual orientation, marital status, national origin or ancestry, sex, age, physical or mental disability, medical condition or veteran status.

Responsible supply chain

We hold our suppliers and contractors to high standards. We do this through our [Supplier Code of Conduct](#). Furthermore, we engage with a global supply chain risk management evaluator to conduct prequalification assessments of potential suppliers to ensure they meet our standards for insurance coverage, safety programs, financial stability, quality



Building maintenance procedures at Prologis Park West London, Uxbridge, UK

systems, terms and conditions, sustainability, compliance with our Supplier Code of Conduct and regulatory compliance. This prequalification processes ensures that we work with suppliers and contractors that reflect our values and will deliver exceptional products to our customers.



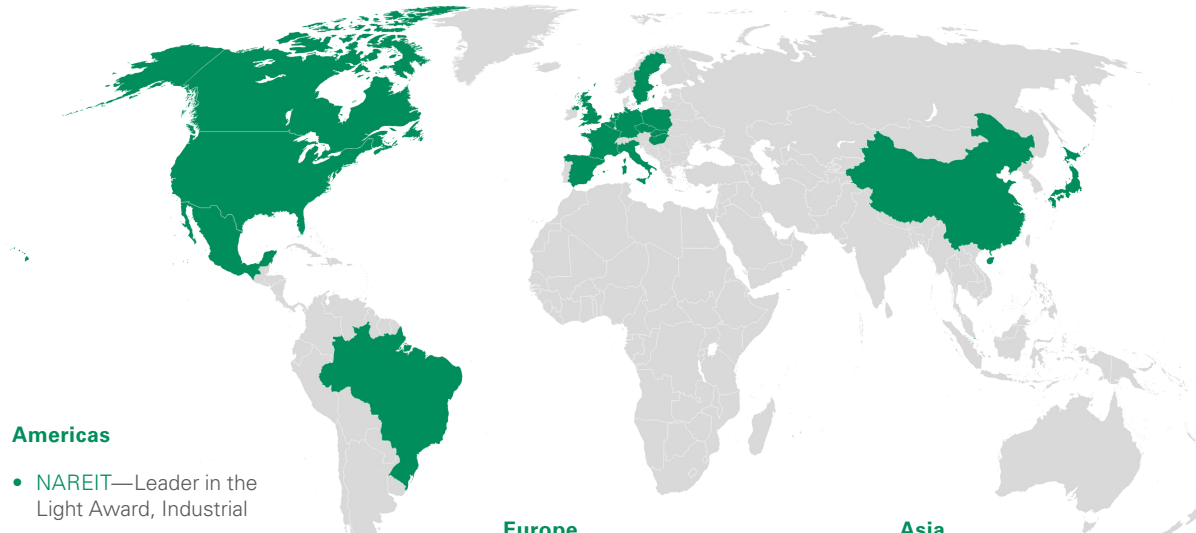
VP and Prologis global compliance officer Jan Kneisel leads ethics training for new team members in Denver, Colorado

Code of Ethics & Business Conduct and Global Anti-Corruption & Foreign Corrupt Practices Act (FCPA) Policy

- Reviewed by board governance committee annually
- 100% participation by global employees in 2018 in ethics training
- In-person FCPA training in Mexico, Brazil, China and Europe in 2018
- Policies underpinned by a 24-hour, anonymous ethics helpline and Ethics Committee that addresses all reported concerns
- Our Code of Ethics and Business Conduct can be found [here](#)

AWARDS AND RECOGNITIONS

- **Corporate Knights' 2019 Global 100**—Top-ranked in the U.S., sixth in the world
- **Green Street Advisors**—REIT Industry's Corporate Governance Leader, 16th consecutive year
- **Harvard Business Review**—Best-Performing CEOs in the World, Hamid Moghadam, ranked #17
- **Dow Jones Sustainability Indices**—Awarded to the top 20% of invited companies ranked in sustainability: North America Index (PLD), Asia Pacific Index (NPR) and MILA Pacific Alliance Index (FIBRA)



Americas

- **NAREIT**—Leader in the Light Award, Industrial
- **First Industrial WELL Building in the U.S.**—Prologis Park Tacoma, Building D
- **Carbon Clean200**—2019
- **Commercial Property Executive**—Industrial Property Executive of the Year, Hamid Moghadam
- **PERE**—Latin America Firm of the Year

Europe

- **MIPIM Award**—Best Industrial & Logistics Development, Prologis Benelux
- **Climate Bonds Initiative**—Green Bond Pioneer Award, PELF
- **WELL-Registered Facility**—Prologis Park Tilburg DC5, Tilburg, the Netherlands

Asia

- **Great Place to Work**—Best Workplaces in Japan 2019
- **Energy Conservation Center**—Energy Conservation Prize, Prologis Japan
- **Habitat for Humanity**—Global Housing Hero, Prologis China

Other

- **CDP**—Top 5% Globally, A- score
- **FTSE4Good**—Included in exclusive ESG index since 2011
- **Institute for Market Transformation and the U.S. Department of Energy's Better Buildings Alliance**—Gold-level Green Lease Leader
- **Institutional Investor**— #1 ESG/SRI Metrics, Best CFO and Investor Relations Program
- **CXPA Innovation Award**—Finalist
- **Corporate Secretary Magazine**—Finalist for Best ESG Reporting
- **DMCAR**—Landlord of the Year
- **NAIOP**—Diversity Champion of the Year, Bay Area
- **NAIOP**—Developer of the Year, Las Vegas Team
- **NAIOP**—Prologis Park Tacoma, 2018 Industrial Development of the Year
- **Tracy Chamber of Commerce**—Business of the Year
- **Best for Colorado**—Inaugural honoree, recognized as one of the most sustainable companies in Colorado

2018 GRESB INDUSTRIAL SECTOR LEADER IN ALL OPERATING REGIONS

8 of out of 8 Green Stars

PROLOGIS ENTITY	REGION	RANK AND NUMBER OF PEERS
★ FIBRA	Industrial/North America	1st of 15
★ NPR	Industrial/Japan	1st of 9
★ UKLV	Industrial/United Kingdom	1st of 6
★ PELF	Industrial/Europe	2nd of 18
★ USLF	Industrial/United States	2nd of 10
★ Prologis	Industrial/Global	3rd of 16
★ PELP	Industrial/Europe	3rd of 18
★ USLV	Industrial/United States	3rd of 10

ABOUT THIS REPORT

Prologis' 2018 ESG Impact Report, and our newly-developed [2018 ESG Impact Report microsite](#), describe the significant achievements and relevant initiatives that have furthered our progress toward our ESG goals and targets. This report and [microsite](#) cover our efforts across our global portfolio of \$87 billion in assets under management in 19 countries serving more than 5,100 customers.

Prologis conducts its global business on four continents—the Americas, Europe and Asia—through one common operating platform that governs all entities in the Prologis group. This includes our six private [funds](#). It also includes our two public co-investment vehicles—FIBRA Prologis (FIBRA) and Nippon Prologis

REIT (NPR)—through which we conduct our operations in Mexico and Japan, respectively. For ESG initiatives, Prologis uses its scale to provide one common ESG platform that covers its private funds, FIBRA and NPR, and includes ESG principles, policies, goals and monitoring systems.¹



This report marks our 13th consecutive year of ESG reporting. We report to the Global Reporting Initiative (GRI) Standards. You can find more information about GRI, including the GRI content index, as well as other detailed ESG information on our [2018 ESG Impact Report microsite](#).

FORWARD-LOOKING STATEMENTS

All data in this report is as of December 31, 2018, unless otherwise specified. The statements in this release 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 Prologis operates, management's beliefs and assumptions made by management. Such statements involve uncertainties that could significantly impact Prologis results. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. All statements that address operating

performance, events or developments that we expect or anticipate will occur in the future—including statements relating to rent and occupancy growth, acquisition activity, development activity, disposition activity, general conditions in the geographic areas where we operate, our debt and financial position—are forward-looking statements. 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 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

We also report progress on our ESG initiatives, annual GHG emissions and Task Force on Climate-related Financial Disclosures (TCFD) climate risk management through CDP, DJSI and GRESB. In addition, we discuss our ESG program in our 2018 Proxy Statement and 2018 Annual Report and Form 10-K, which are available in the Annual Reports section of Prologis' IR [website](#).

1. We do not report on the business activities of entities over which we do not exercise direct operational control—including service providers, customers, contractors, suppliers and vendors. We do include aggregated and anonymous customer energy data in our Scope 3 carbon emissions calculations that are part of our Science Based Target (SBT) for reducing greenhouse gas (GHG) emissions and also inform our sustainable supply chain initiatives.

forward-looking statements. Some of the factors that may affect outcomes and results include, but are not limited to: (i) national, international, regional and local economic climates, (ii) changes in financial markets, interest rates and foreign currency exchange rates, (iii) increased or unanticipated competition for our properties, (iv) risks associated with acquisitions, dispositions and development of properties, (v) maintenance of real estate investment trust status and tax structuring, (vi) availability of financing and capital, the levels of debt that we maintain and our credit ratings, (vii) risks related to our investments (viii) environmental uncertainties, including risks of natural disasters. Prologis undertakes no duty to update any forward-looking statements appearing in this release.



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This report has been externally assured by Lloyd's Register Quality Assurance (LRQA) using the AA1000 Assurance Standard (2008). Our complete assurance statement can be found [here](#), as well as our verification statement [here](#).

Engage with us

We value your feedback and welcome any questions, comments or suggestions on this report and our performance.

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