



ESR KENDALL SQUARE REIT Sustainability Report



About this Report

ESR Kendall Square REIT, a logistics-focused REIT, performs socially responsible activities across environmental, social, and governance sectors, and published the '2022 Sustainability Report' for the first time to provide relevant information clearly to stakeholders. We will actively communicate with stakeholders every year through sustainability report.

The reporting period is from January 1, 2022, to December 31, 2022 for the financial and non-financial sustainability performances. Some financial performances are based on our accounting standards (November 30, 2022) and for some material issues and qualitative performances, activities in the first quarter of 2023 are included. For major quantitative performance, recent two years of data(2021~2022) are provided for trend analysis, and other information with different standards is indicated separately in the footnote.

This report covers ESR Kendall Square REIT, including Subsidiary REIT No.1 and No. 2 and Real Estate Fund (REF). Sustainability activities and performances of Kendall Square REIT Management are also included in case of some qualitative performances. The scope of data in the report is 100% of all domestic sites and leased assets.

Additionally, this report aligns with the Global Reporting Initiative (GRI) Standards: Core Option, which are global standards for sustainability reporting. It also aligns with ISO 26000 and the UN Global Compact principles. Financial information is on a consolidated basis and follows the reporting standards and definitions of K-IFRS. Financial information is prepared based on our fiscal year, and energy use-related data and greenhouse gas emissions are prepared in accordance with the results of the emission verification. Any significant changes are noted separately.

The BSI Group, an independent assurance provider, is commissioned to enhance the internal and external credibility of the reported information by ensuring the reliability and fairness of our preparation process and disclosed data and information. A detailed statement can be found in the appendix.

This report can be accessed and downloaded on ESR Kendall Square REIT website. For questions or further information about this report, contact us below.

The reporting entity of this sustainability report is ESR Kendall Square REIT[KOSPI 365550]. Complying with the Real Estate Investment Company Act in Korea, Kendall Square REIT Management (KSRM) functions as the comprehensive manager of the REIT. As a result, this report encompasses the ESG activities and corporate governance of Kendall Square REIT Management.

ESR Kendall Square REIT

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INTERACTIVE REPORT USER GUIDE

The 2022 ESR Kendall Square REIT Sustainability Report is created in interactive PDF to deliver various information to the readers more conveniently. They may go directly to the specific pages and the relevant websites for additional information.

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CEO Message



Sanghwoi Bae
CEO of Kendall Square REIT Management

Dear valued shareholders and all stakeholders, This is Sanghwoi Bae, CEO of Kendall Square REIT Management.

Global uncertainty in the business environment reached its unprecedented levels due to the various risks from macroeconomic volatilities such as high inflation and high interest rates, influenced by COVID-19 pandemic. In addition, social responsibility is emphasized amidst unstable and challenging conditions through ESG issues, including climate change and the Serious Accidents Punishment Act in Korea.

ESR Kendall Square REIT aims to enhance financial performance based on our expertise and stable asset management capabilities in domestic logistics real estate development and investment while achieving sustainable business, a key driver for the future management paradigm.

From early on, we are leading the market, placing the ESG value at the forefront. We are the first listed REIT company in Korea to obtain the highest rating of "5 stars" in the '2022 Real Estate' evaluation from GRESB, a global real estate ESG evaluation agency. It was for the entire 7 assets, not individual assets, showing that sustainability is well embedded in our operation. We will keep on expanding positive environmental and social influence with the goal of achieving the highest GRESB rating for more of our assets in the mid- to long-term.

We will continue to do so by practicing the followings to fulfill our environmental and social responsibilities and strengthen our future competitiveness.

First, we have built a transparent and structured corporate governance with an independent board of director.

We ensure the safety of our clients' investments by establishing an Investment Review and Risk Management Committee within Kendall Square REIT Management. We have also organized an

ESG Committee for a detailed ESG policies and guidelines and a Supplier Code of Conduct to systematically pursue sustainability.

Second, we have been actively integrating ESG factors into our logistics assets for an eco-friendly business.

We are pursuing long-term value enhancement through eco-friendly operation of logistics centers by obtaining LEED (Leadership in Energy and Environmental Design) global green certification for our properties. Furthermore, we will apply ESG factors from the development stage, including design and construction of logistics parks, to achieve lifecycle logistics real estate sustainability.

Third, we have made continuous efforts to foster an effective communication network with internal and external stakeholders, prioritizing their satisfaction and well-being.

For the health and well-being of the tenants, our major stakeholders, we continue to obtain the WELL Health-Safety Rating certification and listen to stakeholders' opinions through satisfaction surveys. Internally, we make efforts to promote the happiness of our employees by expanding diversity and conducting satisfaction surveys. We will grow together with our internal and external stakeholders through continuous interaction.

Through the first ESG report in the third year of ESR Kendall Square REIT, we would like to share our sustainable management achievements over the last year. Pioneering the development of the domestic logistics real estate market with sustainable management and shareholder return policies, we will continue our journey to sustainable future with stakeholders under our ESG vision of "responsible lifecycle sustainability of logistics real estate."

Sincerely

June 2023

ESR Kendall Square REIT at a glance

ESR Kendall Square REIT is leading the domestic market, setting the benchmark in the development and management of logistics assets by actively leveraging our capabilities and networks as the largest logistics-focused REIT in Korea. In doing so, we aim to maximize sustainable value of shared growth with stakeholders, such as investors and financial institutions.

A quick overview of ESR Kendall Square REIT

- The first logistics-focused REIT in Korea, with a portfolio of high quality, state-of-the-art logistics parks
- The only 'End-to-End' logistics real-estate service provider in Korea (selecting and securing site, design, operation, and asset management)

Number of Assets 17 assets	Occupancy Rate 100 %	GFA 1,097,648 m² <small>(equivalent to 168 soccer fields)</small>
AUM* KRW 2.3 trillion	Credit Rating <small>(As of August 29, 2022, by Moody's Korea)</small>	INDEX Incorporated into FTSE EPRA Nareit Index <small>As of March 21, 2022</small>

* Asset Under Management

According to Article 2, 1. of the Real Estate Investment Company Act, ESR Kendall Square REIT is an entrusted management real estate investment trusts, a paper company that cannot have full-time employees. With the purpose of collecting funds from multiple investors to invest in and operate real estate, it is an indirect real estate investment corporation that entrusts the investment and management of its assets, including ESG affairs, to Kendall Square REIT Management.

Portfolio Map

Since listing in 2020, we are leading the logistics REIT market with the largest AUM in Korea, a total of 17 logistics parks with a GFA of 1,097,648m².

- Subsidiary REIT No.1 Asset
- Subsidiary REIT No.2 Asset
- Beneficiary Securities Assets

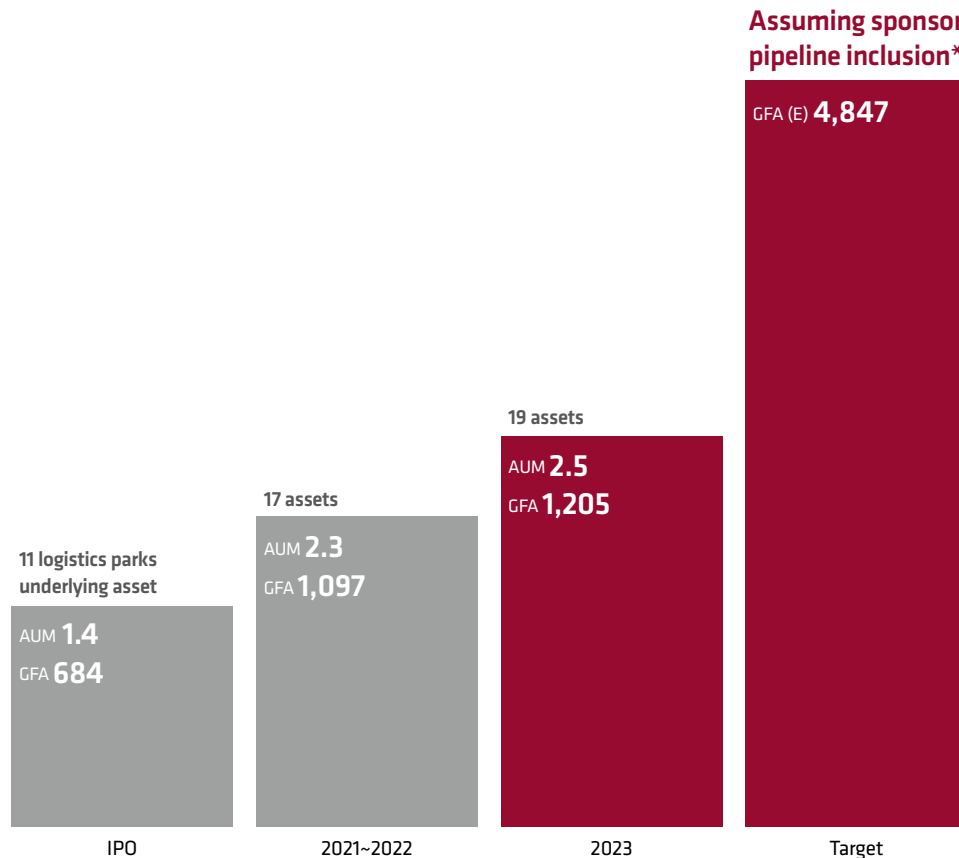


Growth Strategy

Growth Roadmap

Growing as industry-leading mega logistics REIT in Korea since listing, we continue to secure stable returns by expanding the size of our assets and increasing the value of our asset portfolio. We also seek to maximize the value of our investments by increasing dividend yields and maintaining financial soundness. Our aim is to infuse sustainable value into the entire asset life cycle by reflecting ESG management in the investment, sales, and management phases for sustainable growth as well as quantitative growth.

(Unit: AUM-KRW trillion / GFA - 1,000m²)



※ Based on purchased price

* As part of the asset acquisition part of our growth strategy, the assets of sponsors are planned to be incorporated into our assets. However, it is not definite, as are the timing and the amount.

Capital Recycling



Growth Strategy

Continued Portfolio Expansion

We plan to focus our investment on modern logistics facilities with an aim to generate solid profits and continuously expand our portfolio in the mid-to-long term. Owning and operating such high-quality logistics properties over a mid/long-term horizon will ensure reliable profitability of our AUM to maximize investment value while contributing to the advancement of Korea's logistics industry.



Maximized Asset Value

We will accelerate the growth of our Net Operating Income (NOI) by expanding assets in prime locations, securing high-quality tenants including large-size e-commerce players and market-leading 3PLs, and reducing risks occurring in relation to lease renewals. Our plan is to proactively pursue data centers with high growth potential as our future growth assets. The portfolio established as such will allow us to generate additional profits and maximize the value of our assets.



Strengthened ESG Strategy

Apart from quantitative growth, we also pursue qualitative growth through ESG-driven management. Our key portfolio assets will strengthen their compliance with tightening ESG requirements including but not limited to facility safety. We also focus on the development of modern logistics facilities that leave minimum environmental footprint in water and power consumption.

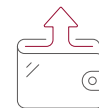


Growth Strategy
An unparalleled expert in logistics real estate



High-quality Asset Management

We will fully commit to maximizing the value of our assets through the sophisticated and reliable operation and management of logistics facilities. We will also make the best use of the data, knowledge and management resources made available through ESR Group in developing, operating and leasing modern logistics facilities and in managing assets. This will surely result in building robust partnerships with a range of logistics companies as well as customers.



Maintaining Financial Soundness

Leveraging our exceptional financial soundness, we will ensure that our cost of borrowings remains competitive even amid the increasing interest rate cycle. Joining the FTSE Global Equity Index Series and continuously enlarging our AUM, we will emerge as a global logistics-focused REIT.



Dividend Growth

We maintain our dividend yields higher than those of other global large-size logistics REITs, as part of our strategy to continuously upsize our operations. As a leader in Korea's logistics platform industry, ESR Kendall Square REIT will facilitate investment in the logistics industry and assist investors in increasing the value of their assets to cement its leading position in the REIT market.

Company Profile

ESR Kendall Square REIT is the logistics-focused REIT, first listed on Korea Exchange in December 2020. We continuously innovate and lead the industry with abundant experience and expertise in logistics center development, investment, and operations. Based on the largest portfolio of logistics assets in Korea, we are generating stable business income annually. By securing competitiveness in asset acquisition and uncovering new drivers of growth, we will continue to provide stable profits and take the lead in transparent and advanced real estate market.



ESR Kendall Square REIT

ESR Kendall Square REIT is established in 2020 to provide investors an opportunity to indirectly invest in real estate through domestic public offering. Through long-term management of the acquired assets, we provide stable returns and lead transparent and advanced domestic real estate market.

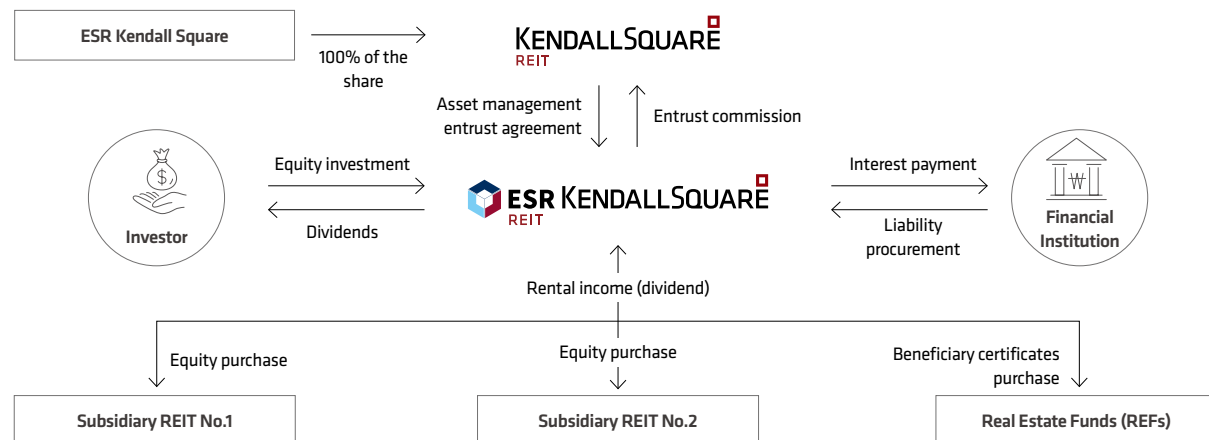
Corporate Name	ESR Kendall Square REIT Co., Ltd. (ESR Kendall Square REIT)
Establishment	February 20, 2020
Location	35F Three IFC, 10 Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul
Date of listing	December 23, 2020 (Listing on the Korea Exchange)
Business Area	Real estate acquisition and operational management and real-estate development
Credit Rating	A-(Moody's Korea, As of August 29, 2022)
Asset Manager	Kendall Square REIT Management Inc.

Kendall Square REIT Management

Kendall Square REIT Management conducts investment management of the assets of ESR Kendall Square REIT under an asset management entrust agreement. It has regulations, including internal control standards for stable, reasonable, and transparent management of ESR Kendall Square REIT. The committees under the board of directors, including the ESG committee, ensure legal compliance and risk management in operations.

Corporate Name	Kendall Square REIT Management Inc.
Establishment	May 28, 2020
Location	35F Three IFC, 10 Gukjegeumyung-ro, Yeongdeungpo-gu, Seoul
Business Area	Real estate acquisition and operational management and real-estate development
Capital	KRW 8 billion
AUM	KRW 2.3 trillion (as of December 31, 2022)
No.of Employees	19

Investment Structure



Company Profile

Since its listing in 2020, we have been consistently acquiring assets around transportation hubs in the metropolitan area and now own around transportation hubs in the metropolitan area and now own **17* cutting-edge** logistics parks (two assets will be acquired in 2023). We are leading the logistics REIT market by operating the country's largest logistics assets with a GFA of **1,097,648 m²**.

Subsidiary REIT No.1



Buceon Cold Logistics park
GFA 58,264m² | Completion 2019.07



Goyang Logistics park
GFA 199,678m² | Completion 2019.01



Yongin Logistics Park 1
GFA 70,028m² | Completion 2017.11



Icheon Logistics Park 2
GFA 33,365m² | Completion 2018.04



Icheon Logistics Park 3
GFA 18,421m² | Completion 2018.12



Gimhae Logistics Park 1
GFA 25,733m² | Completion 2000.12



Anseong Logistics Park 1
GFA 95,265m² | Completion 2020.02

Subsidiary REIT No.2



Gimhae Logistics Park 2
GFA 39,941m² | Completion 2019.12



Anseong Logistics Park 2
GFA 154,990m² | Completion 2020.06



Anseong Logistics Park 3
GFA 63,676m² | Completion 2021.04



Anseong Logistics Park 4
GFA 27,040m² | Completion 2021.11



Icheon Logistics Park 5
GFA 84,545m² | Completion 2020.02

Real Estate Funds (REFs)



Icheon Logistics Park 1
GFA 47,653m² | Completion 2017.02



Icheon Logistics Park 4
GFA 49,616m² | Completion 2018.06



Yongin Logistics Park 2
GFA 43,176m² | Completion 2017.01



Pyeongtaek Logistics Park
GFA 43,212m² | Completion 2012.08/
2017.05



Yongin Logistics Park 3 (BRIC)
GFA 43,045m² | Completion 2020.06

Assets planned to
be acquired in 2023

GFA after incorporation

1,205,679m²

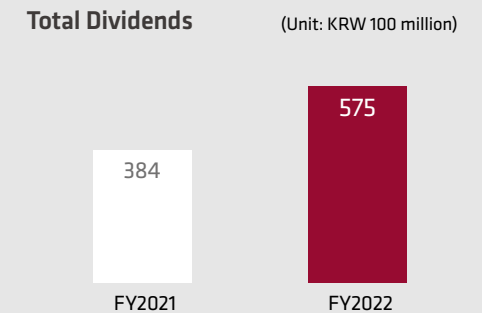
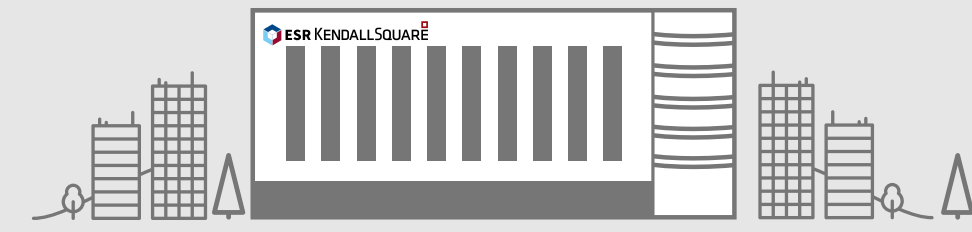
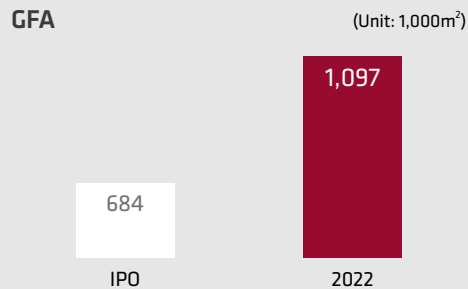
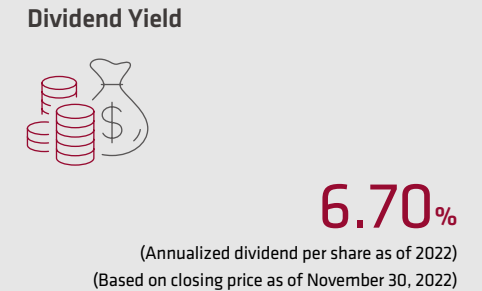
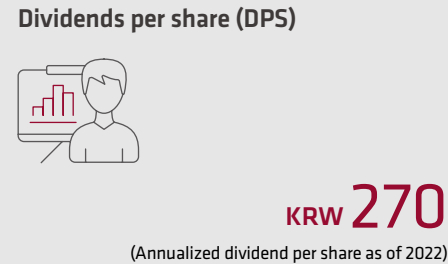
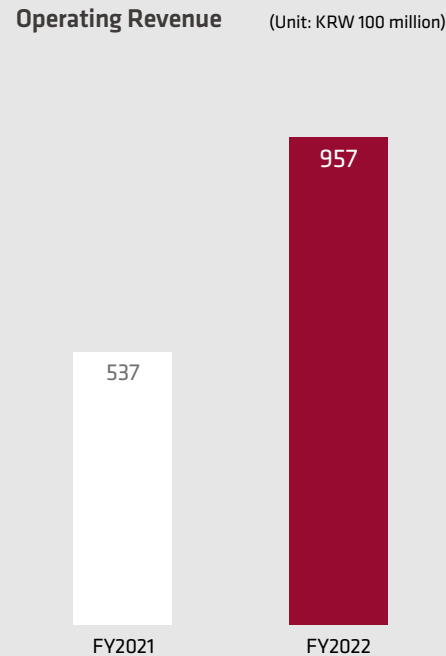
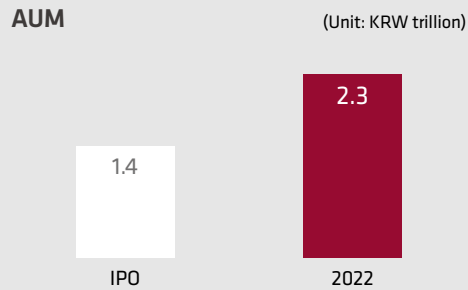
Icheon Logistics Park 6

GFA 62,195m² | Completion 2023.01

Icheon Logistics Park 7

GFA 46,041m² | Completion 2023.05

Business Performance



※ Major performances (number of assets, GFA, AUM) are as of December 31, 2022.
 ※ FY2021, FY2022: from December 1 of the previous year to November 30 of the current year.



01

ESG in ESR KENDALL SQUARE REIT



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ESG Award and Recognition



The first Korean listed REIT to achieve the highest rating of 'Five-Star' from the GRESB, a major global ESG evaluation standard

Sustainability has become increasingly important for companies specializing in logistics and the REIT (real estate investment trust) industry. As the demand for environmental, social, and governance (ESG) considerations becomes a significant investment criterion for logistics REITs, ESR Kendall Square has taken the lead as the first Korean listed company to participate in the "GRESB 2022 Real Estate" evaluation, a global assessment of real estate's ESG performance.

We are proud to announce that approximately 46% of the gross floor area (GFA) among all our assets in 2022, specifically seven (7) logistics parks in the subsidiary REIT No.1, have achieved the highest 'Five-Star' rating. This accomplishment reflects not only our efficient operation of logistics assets but also our ongoing commitment to driving ESG initiatives that align with global sustainable standards.

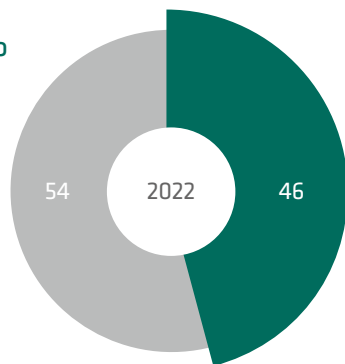
We further plan to strengthen our sustainability management capabilities by expanding the GRESB evaluation to include more logistics parks.

What is GRESB?

GRESB (Global Real Estate Sustainability Benchmark) is the leading global ESG evaluation that comprehensively assesses the environmental impact and stakeholder relationships of real estate assets and companies. The ratings range from 'One-Star'(low) to 'Five-Star'(high).

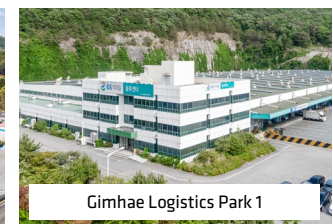
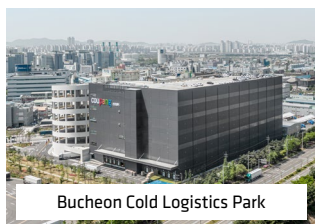
GRESB
(unit: %)

46%



46% (550,754m² out of 1,095,679m²) of the total 17 assets' GFA participated in GRESB 2022

ESR Kendal Square REIT Subsidiary REIT No.1 - 7 logistics



ESG Highlights

Environmental

Ratio of Sustainable Assets



87%

We are at the forefront of sustainability in the logistics REIT industry with 15 out of 17 assets (representing a GFA of 952,727m² out of 1,097,648m²) having achieved green building certifications.

* LEED BD+C, LEED O+M, WELL Health-Safety Rating, etc.

Ratio of Signed Green Leases



93%

Since June 2020, we have taken a proactive approach to promote sustainable operation and management of our assets by introducing ESG conditions in lease agreements with tenants. This strategic initiative has been successfully implemented in approximately 93% of our new and renewal contracts, based on the net leased area.

Social

Ratio of Female Board Directors



20%

Aligned with our commitment to promoting DEI, we have made significant progress in enhancing gender equality within our organization by providing equal opportunities for career development and ensuring fair growth for all our female employees. In 2022, we have successfully increased the representation of female executives on the board of directors of ESR Kendall Square REIT to 20%.

* DEI: Diversity, Equity, and Inclusion is an international human rights trend that refers to diversity management.

Employee Satisfaction Score



88 out of 100

To cultivate a healthy and friendly corporate culture, we conduct regular employee satisfaction surveys every three years and proactively implement improvement actions based on the feedback received. As a result of these efforts, we are delighted to share that our employees have expressed high levels of satisfaction with the workplace.

Governance

Establishment of ESG Committee, Attendance Rate of ESG Committee



100%

Established an ESG Committee to make ESG policies and embed ESG into overall management. The ESG Committee has been held annually from 2021 with 100% attendance rate, discussing multiple ESG-related issues.

The First* listed REIT to publish Sustainability Report*



We are committed to delivering fair and transparent management information and enhancing corporate value. In addition to diligently disclosing financial information to domestic and overseas investors, we have taken a significant step as the first listed REIT in Korea by publishing a sustainability report that complies with international standards. Through this report, we transparently disclose our non-financial performance and data, demonstrating our commitment to sustainability and responsible business practices.

* A sustainability report that complies with GRI Standards 2021 and is verified by third-party assurance

ESG Strategy

At ESR Kendall Square REIT, we define 'sustainability' as the integration of environmental, social, and governance (ESG) performance considerations into every aspect of our business. Our primary objective is to enhance shareholder value while simultaneously making positive impacts on society and the environment. By doing so we aim to secure long-term benefits for all stakeholders involved.



Environmental

Property Portfolio

Our vision is to develop and manage logistics facilities for the new economy. We offer our tenants modern, state-of-the-art, focused and integrated real estate platforms.

Focus Areas

- Sustainable & Efficient Operations
- Sustainable Building Certifications
- Climate Change Resilience
- Biodiversity and Habitat Protection
- Flexible & Adaptable Properties
- Strategic Site Selection



Social

Human Centric

Basic human needs are universal. Meeting those needs today while ensuring they can continue to be met in the future, is the cornerstone of sustainable development.

Focus Areas

- Stakeholder Engagements
- Safety, Health & Well-being
- Managing & Developing Talent
- Diversity, Equity & Inclusion (DEI)
- Community Investment



Governance

Corporate Governance

Strong corporate performance is the foundation upon which we will achieve sustained and balanced growth, resulting in stable returns over the long term.

Focus Areas

- Corporate Governance
- Risk Management
- Responsible Investing
- Disclosure & Reporting
- Supply Chain Management

Double Materiality Assessment

The double materiality assessment was conducted to consider corporate sustainability issues. This assessment enables us to measure the impact of both financial factors on the company's growth and the impact of our business on people, the environment, and society. To identify material issues for our business, we engaged a range of stakeholders, including investors, tenants, and employees, to gather their valuable insights. These material issues encompass social and environmental impacts, as well as financial considerations, and we are committed to integrating them effectively into our ESG management approach.

Double Materiality Assessment Process

01 Identification	Pooling ESG issues <ul style="list-style-type: none"> • Create a comprehensive list of issues based on international standards, initiatives, and peer group analysis • Review and further reflect issues in consideration of internal issues and business characteristics • Final list of 42 issues pooled
02 Prioritization	Social and environmental impacts <ul style="list-style-type: none"> • International Standards: ESG related standards and initiatives such as GRI, ISO 26000, UN SDGs, CSRD, etc. • Benchmarking: Analyzed essential issues based on global leading companies and six peers • Media Analysis: Analyzed a total 203 news articles • Survey: internal and external stakeholder surveys Financial Impact <ul style="list-style-type: none"> • International Standards: Investment related ESG evaluation standards including TCFD, MSCI, DJSI, SASB, GRESB, etc. • Survey: internal and external stakeholder surveys
03 Validation	Selecting and reviewing ESG issues <ul style="list-style-type: none"> • Select ten material issues through a comprehensive assessment, considering the social and environmental impacts and the financial impacts of each issue. • Internal review and expert verification on the selected issues

Selecting 10 Material Issues

We identified 10 ESG material issues to report out of a total of 42 relevant issues based on the results of the internal and external stakeholder surveys.

	Material issues	Location (page)	Relevant GRI
1	Energy conservation and renewable energy	24	302
2	Quality and safety management of leased assets	23, 34	-
3	Work-life balance	31	401
4	Compliance and Ethics Management	44~45	2-27
5	Shareholder value maximization	39	-
6	GHG emissions management and reduction	22, 50	305
7	Green asset development, investment and management	20~26	-
8	Economic profits and stable and balanced business	10, 47~49	201
9	Tenant engagement on sustainability	25	308
10	Employee talent development	29	404

* Global Reporting Initiative : Global standard for writing sustainability reports

Double Materiality Assessment

Result of Double Materiality Assessment










We measured the financial impact and the social and environmental impact through aggregating internal and external stakeholder surveys, ESG-related international standards, and media analysis for each of the ten selected issues. We described details of our activities, performance, and targets in this report.

● High impact ◐ Medium impact ○ Low impact

sector	Material issue	Performance & achievements	Impact		Stakeholder	
			Environment/ social	Financial	Internal	External
E	Energy conservation and renewable energy	<ul style="list-style-type: none"> Planned to install a renewable energy facility Maximizing energy savings in our assets and introducing state-of-the-art technology for energy efficiency 	●	●	◐	●
	Quality and safety management of leased assets	<ul style="list-style-type: none"> Achieved WELL Health Safety Rating Gold for tenant safety Continuous tenant satisfaction surveys to identify and address improvements 	◐	◐	●	◐
S	Work-life balance	<ul style="list-style-type: none"> Improving work environment for employee satisfaction and adopt flexible working hours Supporting better work-family balance for childbirth, parenting, etc. 	◐	○	●	◐
	Ethics and Compliance Management	<ul style="list-style-type: none"> Established a code of conduct to ensure compliance with ethical responsibilities Raising employee awareness by operating an ethics and compliance system 	●	●	◐	◐
G	Shareholder value maximization	<ul style="list-style-type: none"> Building trust by disclosing financial and non-financial information transparently Continuously increasing dividend yield and size 	◐	●	●	●
	GHG emissions management and reduction	<ul style="list-style-type: none"> Analyzing climate change risk for investment decisions and operational management Managing GHG data for each asset to reduce GHG emissions 	●	◐	◐	◐
E	Green asset development, investment and management	<ul style="list-style-type: none"> Continuously expanding stable asset portfolio through project investment risk management and financial risk review 	◐	◐	●	◐
	Economic profits and stable and balanced business	<ul style="list-style-type: none"> Pursuing sustainability in the entire asset life cycle Expanding green certified buildings in portfolio 	○	◐	◐	●
S	Tenant engagement on sustainability	<ul style="list-style-type: none"> Incorporating ESG factors in a sustainable lease agreement Providing a guideline for sustainability in asset management and operations 	◐	●	◐	●
	Employee talent development	<ul style="list-style-type: none"> Operating capability improvement and career development programs Setting career development plans for employees and providing educational 	◐	◐	◐	◐


UN SDGs

The UN Sustainable Development Goals (SDGs) are a set of 17 collective goals to be achieved by 2030 set by the UN General Assembly, providing direction for humanity to work together in five areas; people, planet, prosperity, peace and partnership. We aligned our ESG strategy and action plans with the UN SDGs goals to participate in UN SDGs achievement. Among the 17 goals, we have identified and provided information on nine goals that are most relevant to our business. Under each strategic area of E, S, and G, we have specified the direction of each task in line with nine goals and strive to build a sustainable future by infusing the UN SDGs into our ESG management framework. Going forward, we promise to expand our scope of the UN SDGs to address sustainable development goals.

UN SDGs	Targets	Achievements
 <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p><u>3.8</u> Achieve universal health coverage</p>	<ul style="list-style-type: none"> • Tenant health and safety management activities • Create healthy and friendly work environment for employees
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p><u>4.4</u> Increase the number of people who have relevant and technical skills for employment, decent jobs and entrepreneurship</p>	<ul style="list-style-type: none"> • Foster talent through career development and skill enhancement programs • Recruit experienced employees on demand
 <p>Achieve gender equality and empower all women and girls</p>	<p><u>5.1</u> End all forms of discrimination against all women and girls everywhere</p> <p><u>5.5</u> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making</p>	<ul style="list-style-type: none"> • Adopt anti-discrimination and anti-harassment principles • Increase female labor force influence and run a Women's Day campaigns
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p><u>8.6</u> Substantially reduce the proportion of youth not in employment, education or training</p> <p><u>8.8</u> Protect labor rights and promote safe and secure working environments for all workers</p>	<ul style="list-style-type: none"> • Provide counseling and psychotherapy programs and various employee benefits • Promote leadership and job training based on career development plan
 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<p><u>9.2</u> Promote inclusive and sustainable industrialization</p> <p><u>9.4</u> Upgrade infrastructure and retrofit industries to make them sustainable</p>	<ul style="list-style-type: none"> • Address ESG risks through achieving asset life cycle sustainability • Expand sustainable infrastructure with green leasing and green building certification
 <p>Reduce inequality within and among countries</p>	<p><u>10.2</u> Empower and promote the social, economic and political inclusion of all</p> <p><u>10.3</u> Ensure equal opportunity and reduce inequalities</p>	<ul style="list-style-type: none"> • Provide job applicants with an equal and fair opportunity to attract talented people • Ensure fair assessment process and reward system
 <p>Ensure sustainable consumption and production patterns</p>	<p><u>12.6</u> Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<ul style="list-style-type: none"> • Expand green asset portfolio through sustainable location
 <p>Take urgent action to combat climate change and its impacts</p>	<p><u>13.2</u> Integrate climate change measures into national policies, strategies and planning</p>	<ul style="list-style-type: none"> • Analyze climate change risk for investment decisions and asset operations • Renewable energy procurement
 <p>Promote peaceful and inclusive societies for sustainable development</p>	<p><u>16.5</u> Substantially reduce corruption and bribery in all their forms</p> <p><u>16.7</u> Ensure responsive, inclusive, participatory and representative decision-making at all levels</p>	<ul style="list-style-type: none"> • Establish a code of ethics, create a dedicated organization and reporting channels • Guarantee independent decision-making through committees under the board of directors

UNGC Commitment

We support the ten principles in four sectors (human rights, labor, environment, and anti-corruption) of the UN Global Compact, a global sustainability initiative, and we are applying them throughout our business activities.

	Ten Principles of the UNGC	Major performances	Location (page)
 Human Rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	We comply with the standards of international organizations and regulations related to human rights, including the UN Declaration of Human Rights and the ILO Fundamental Conventions.	32
	Principle 2 Business should make sure that they are not complicit in human rights abuses	We operate annual trainings on anti-bullying, sexual harassment prevention, and raising awareness on disability to respect human rights.	32
 Labor	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	We guarantee freedom of association and the right to collective bargaining and have a worker representation system for efforts to improve the working conditions.	30
	Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labor	We eliminate all forms of forced labor.	32
	Principle 5 Businesses should uphold the effective abolition of child labor	We prohibit recruiting minor and child labor.	32
	Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	We provide equal opportunity to all job applicants and do not discriminate on the basis of gender, religion, nationality, race, etc., through a fair performance assessment system.	33
 Environment	Principle 7 Businesses should support a precautionary approach to environmental challenges	We incorporate ESG factors throughout the asset lifecycle and prevent environmental problems through climate change risk analysis.	20, 22
	Principle 8 Businesses should support undertake initiatives to promote greater environmental responsibility	We select a sustainable site for our environmental responsibility and operate green assets to minimize environmental impact.	21
	Principle 9 Businesses should support encourage the development and diffusion of environmentally friendly technologies	We seek to introduce and promote green technologies in our assets through the acquisition and management of green building certifications.	23
 Anti-Corruption	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	We established a code of ethics and operate a dedicated compliance organization to ensure transparent corporate management.	44



02 Sustainable Portfolio

Our Approach

We are committed to minimizing our environmental impact while providing sustainable and innovative spaces.

Environmental considerations are a key focus throughout our development process, encompassing site selection, green design initiatives, and the protection of biodiversity. At the operational level, we are committed to promoting the adoption of carbon-efficient, energy-efficient, and water-efficient products, resulting in reduced energy consumption, optimized water usage, effective waste management, and minimized carbon emissions. Furthermore, we proactively assess potential natural hazards, such as geological (e.g. earthquakes, tsunamis, and landslides) and climate-related events (e.g. floods, droughts, typhoons, and wildfires), to develop scenario-based strategies that address climate change risks and ensure a safe and sustainable environment for our tenants and communities.

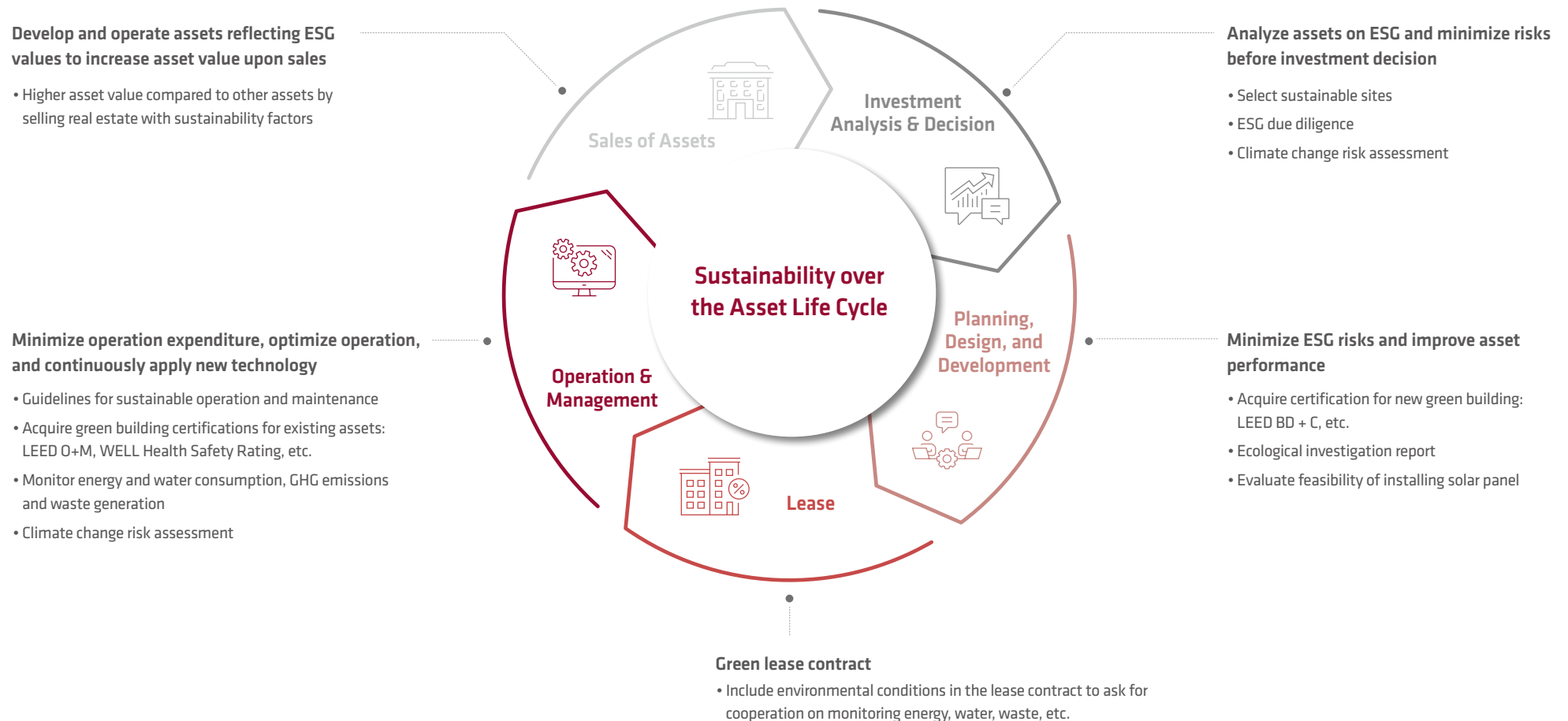
UN SDGs



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Sustainable Site Selection	21
Climate Change Resilience	22
Sustainable Property Design, Construction, Operation	23

Life Cycle Sustainability

We are committed to sustainable management by actively incorporating ESG elements throughout the entire lifecycle of our properties, from development, including site selection, design, and construction, to operation. By integrating environmental values at every phase and pursuing management activities that prioritize sustainability, we effectively address ESG risks. Our ultimate objective is to have a positive impact on the environment and stakeholders, fostering long-term collaboration and growth.





Sustainable Locations

Selecting a sustainable site is a crucial consideration when expanding our property portfolio. We prioritize the identification of sites that minimize the impact on the natural environment. Our approach includes addressing concerns such as land erosion and water pollution, as well as implementing landscaping practices that harmonize with the surrounding environment.

ESG Due Diligence

We carry out ESG due diligence to identify and analyze ESG issues that may have material impact on transactions at all stages of investment in real assets. In order to ensure independence, we commissioned the third-party companies to evaluate 12 items in the environmental area and six items in the social area. There is growing concern regarding the importance of biodiversity among the ten topics of environmental due diligence, along with climate change. The outlook from the Organization for Economic Cooperation and Development (OECD) indicated an additional 10% loss of global biodiversity without adequate actions for restoring biodiversity by 2050, and the World Economic Forum (WEF) also predicted loss of biodiversity and ecosystem disruption as one of the significant risks for the next decade. As such, protecting and conserving biodiversity is an essential factor in maintaining ecosystem services and supporting the livelihoods of local community. We strive to protect biodiversity by identifying impacts on ecosystem in advance and reviewing data on sensitive habitats and protected species when selecting undeveloped sites and constructing logistics parks on developed sites. We will continue to work on ESG due diligence and assessment prior to investment decisions to mitigate and improve the ESG risks of our holdings.

Environmental (10)

Environmental Regulations

Verify compliance with applicable environmental regulations, request details of pending or imminent environmental proceedings, and assess the potential impact of identified issues.

Soil and Groundwater Contamination

Check actual or potential soil and groundwater pollution in the sites.

Carbon/Air Pollutant Emissions

Review the compliance of emissions from the site, consider the need to improve the raw materials of pollution control equipment to meet standards, and manage GHGs in line with regulations.

Waste Management

Review on storage, handling, and disposal practices of major waste types (hazardous, non-hazardous).

Restricted Substances

Identify asbestos-containing materials and check the usage and condition of electrical/hydraulic equipment that may potentially contain PCBs*.

* Polychlorinated biphenyls

Water Use and Management

Presence of water source and groundwater or permits for surface water intake.

Wastewater Management

Information including surface water (rainwater) runoff, sewage and wastewater, drainage facilities, wastewater treatment, procedure for discharge permit acquisition and management, etc.

Hazardous Chemical Treatment

Check the labeling and treatment procedures of liquid and solid hazardous fuels, raw materials, intermediates, by-products, wastes, and products.

Biodiversity and Habitat

Review data on wildlife, endangered species, ecosystem services, and habitat-related issues.

Energy Supply and Consumption Analysis

Check energy use and supply.

Society (8)

Addressing Community Complaints

History of complaints raised and resolved by nearby residents regarding impact on them and issues such as noise, dust, odors, etc.

Community Development

Review the information about gathering places for community members together (location, distance, etc.).

Health and Safety

Review information about hospital and pharmacy in the community around the sites (location, distance, time, etc.).

Indoor Environment

Review on indoor air quality.

Crime Levels

Compare and review the crime level of the city against other cities.

Livability

Information on quality of urban life and locations of transportation services such as bus stops and train stations.

Transportation

Information on traffic around the site, such as pedestrians, bicycles, and public transportation users.

Accessibility

A score designed to measure walkability to amenities in the community.

Climate Change Resilience

As extreme weather events such as heatwaves, floods, and wildfires become more frequent worldwide, companies are facing increasing accountability for their responsibilities regarding climate change. In response to this global trend, we are conducting comprehensive analyses of significant climate change risks and implementing mitigation strategies that cover the entire investment lifecycle, from the pre-investment stage to the operational stage of our assets. We actively contribute to the reduction of carbon emissions through the efficient operation of buildings, including obtaining sustainable certifications. As part of our proactive approach, we will develop plans to address climate change scenarios and expand renewable energy infrastructure in the future.

Climate Change Risk Analysis in Investment Decisions and Operations

We assess and identify climate change and natural disasters risks of our assets with the advice of environment consultants. Through the climate change risk assessment, we identify potential high physical risks* around our sites and apply mitigation strategies in the design and construction phases according to the analysis results.

* Physical risks can be associated with long-term shifts in climate patterns (chronic risks) or result from extreme weather events (acute risks)
 - Examples of chronic risks: continuous rise in the temperature, sea level rise
 - Examples of acute risk: typhoon, flood, etc.

Climate Change Risk Assessment Process



Identify major natural disasters (desktop-based review)	Evaluate climate change prediction variables	Estimate physical risk
<ul style="list-style-type: none"> Review (desktop-based) key potential natural disasters, policies, and regulations in the area near the locations of assets considered for investment. Review (desktop-based) major potential natural disasters around asset locations and applicable policies and regulations in the operation phase. 	<ul style="list-style-type: none"> Classify and assess natural disasters based on the likelihood of causing damage to assets using the criteria of intensity, severity, frequency, etc. Data for climate change prediction is evaluated based on 2030 and 2050 timelines using climate change scenarios. Identify potential transition risks through assessment using tools such as GRESB. 	<ul style="list-style-type: none"> Conduct natural disaster prediction and qualitative estimates to assess potential future risks. Develop strategies and responses for policy and regulatory changes

Effective management of physical and transitional risks is critical to long-term sustainability and competitiveness when operating logistics assets over time. We are striving to identify the key types of physical and transitional risks that could cause catastrophic impact on the operation of our assets and developing management plans to address them.

Types and Management Plans for the Key Climate Change Risk

Category	Risk Types	Management Plan
Physical Risk	Heavy rain, flood, storm/ typhoon, others (Sea surface temperature rise)	<ul style="list-style-type: none"> Based RCP 8.5 scenarios for timelines of 2030 and 2050, identify and analyze extreme climate impacts that might pose serious risks to assets. Develop and implement risk management strategy to manage and mitigate identified physical risks. Regularly review the effectiveness of the physical risk management strategy.
Transitional Risk	Policy and regulatory changes (i.e., Net Zero, decarbonization, etc.)	<ul style="list-style-type: none"> Use transition risk based on international standards or other tools to identify potential transition risks. Develop and implement risk management strategy to manage and mitigate identified transition risks. Regularly review the effectiveness of the transition risk management strategy.

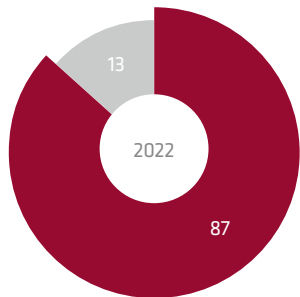
Sustainable Building Practices

We are dedicated to minimizing the negative environmental impact of our business by developing and operating sustainable and efficient assets. We prioritize the purchase of logistics centers that incorporate eco-friendly elements from the design and construction stages. Additionally, we intend to take eco-friendly considerations into account during the design and construction stage when we engage in future development projects. For our operational buildings, we are committed to reducing carbon emissions and minimizing environmental impacts through responsible water usage, the utilization of recycled materials, the integration of renewable energy sources, and continuous improvement activities aimed at energy conservation.

Ratio of Sustainable Assets (based on GFA)

(Unit: %)

87%



* We are at the forefront of sustainability in the logistics REIT industry with 15 out of 17 assets (representing a GFA of 952,727m² out of 1,097,648m²) having achieved green building certifications (LEED BD+C, LEED O+M, WELL Health Safety Rating).

Sustainable Building Certifications

In accordance with our sustainability management goals, we are actively reflecting ESG factors within our logistics assets to ensure that they are environmentally friendly. As part of this effort, we focus on obtaining global green building certifications and others. We are striving to acquire assets with LEED BD+C (LEED Building Design and Construction) certification, which requires the incorporation of green factors in the building design and construction phases. For assets without such certifications, we have obtained LEED O+M (LEED Operation and Maintenance) and WELL HSR (WELL Health-Safety Rating) certifications, which require ESG strategies in the operation. Further, we plan to expand our global portfolio of green assets by obtaining green building certifications for the assets we develop to improve performance and minimize environmental risks. We will also reflect the standards of green building certification when designing, constructing, and operating buildings.

As of the end of 2022, approximately 87% of our holdings have green building certifications (LEED BD+C, LEED O+M, and WELL Health-Safety Rating), and we will continue to increase the ratio of green buildings in the future.

LEED BD+C			Goyang
			Anseong 2
			Anseong 3
LEED O+M			Goyang
			Anseong 2 (planned in 2023)
WELL HSR			Icheon 1
			Icheon 2
			Icheon 3
			Icheon 5
			Pyeongtaek
			Yongin 1
			Yongin 2
			Yongin 3
			Bucheon Cold
			Anseong 1
			Anseong 2
			Gimhae 1
		Gimhae 2	

Sustainable Building Practices

Responsible Water Use

We strive to minimize the impact on availability and quality of water in the operation of our logistics warehouse facilities. Especially for buildings with LEED BD+C certification, we have installed water-saving equipment such as toilets and urinals that are expected to reduce water use by approximately 20% compared to existing equipment. We will reduce water consumption with water-efficient equipment that meets LEED standards also for the assets we develop ourselves. Moreover, we are monitoring water consumption every month for responsible water use management.

Properties' exterior landscaping accompanies a large amount of water, and non-agricultural water use is important, accounting for 30-70% of the total amount. As such, we design landscapes with indigenous plants that are highly adaptable to the environment for sustainable irrigation. This creates a harmonious environment with the buildings, and we prevent water quality degradation by reducing the use of fertilizers and chemical pesticides.

Expanding Renewable Energy Use

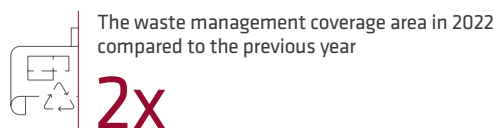
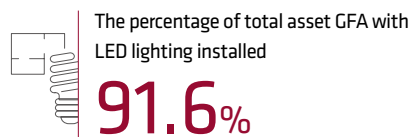
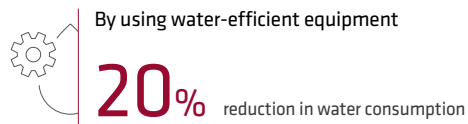
With the growing interest in ESG and climate change-related issues around the world, we will enhance the supply of renewable energy by installing rooftop solar panels, solar streetlights, etc. We plan to actively participate in the climate action by expanding renewable energy facilities in our assets.

Minimizing Energy Consumption

According to the World Business Council for Sustainable Development (WBCSD), buildings today account for approximately 40% of global energy consumption, which calls for an urgent efforts to improve energy efficiency in the building sector. In response to this, we are installing and operating ventilation systems with waste heat recovery to reduce energy consumption in our offices and logistics warehouses. We continued installing LED lighting to 91.6% of the GFA of our assets and windows with low-emissivity (low-E) coated glass to improve insulation and increase energy savings. We also conducted an energy audit for the seven assets in the subsidiary REIT No.1 through a third-party company in 2021 and continue to monitor the properties to reduce energy consumption.

Resource Circulation

We will establish standards for the collection and storage of recyclable materials in all of our warehouse buildings. Recyclable materials should include mixed paper, corrugated cardboard, glass, plastic, and metal. Among the batteries and mercury-containing lighting lamps, and electronic waste, two items are under specific measure of the storage, collection, and disposal. We expanded the waste management coverage compared to 2021 (29% in 2021 → 67% in 2022) to collect and manage waste data, and we plan to consistently expand the scope of our data to reinforce monitoring of waste.



Sustainable Building Practices

Green Lease

In June 2020, we introduced ESG conditions in our lease agreements with tenants to sustainably operate and manage object of the lease. We require tenants to cooperate on sustainable lease and use of the property through energy saving in electricity and water usage, waste minimization and recycling, and purchasing environmentally certified products. Having ESG condition coverage rate of 93% based on Net Lettable Area (NLA) for new leases and renewals since June 2020, we will continue to manage sustainability impacts of tenants.

Key Environmental Considerations in the Tenant Lease Contract



- 1 Comply with no smoking rules other than in designated areas
- 2 Energy reduction efforts, including electricity, water, etc.
- 3 Cooperate in the construction of facilities to improve energy efficiency, such as solar systems and water conservation, within the object of the lease
- 4 Minimize and actively recycle waste
- 5 Purchase products with environmental labels
- 6 Collaborate in data collection to measure environmental data such as electricity, water, gas consumption, and waste
- 7 Cooperate with the lessor's requests for tenants to achieve and maintain green building certifications

Green Building Education Program

We have a green building education program to introduce LEED certification*, the effectiveness of key green building technologies, and to raise awareness on environment. We share information on green buildings with employees, tenants, and residents of community and encourage them to use resources efficiently and reduce unnecessary consumption of energy, water, etc. To enhance understanding, the major contents include the positive effects of green buildings in terms of reducing energy consumption and carbon emissions, water, and solid waste and actual benchmarking cases to raise awareness of employees and tenants. For the past few years, due to prolonged COVID-19 pandemic, we have suspended the program along with prohibiting outsiders from entering the logistics center, but we will resume the program soon.

* What is LEED certification?

Definition	The most widely used green building certification program internationally, developed by the U.S. Green Building Council (USGBC).			
Criteria	Prioritize region	Indoor environmental quality	Design process innovation	Material and resource
	Energy and atmosphere	Water efficiency	Sustainable site	Location and transportation
Importance	Developed for efficient green house gas reduction in the construction field and recognized as part of efforts to realize sustainable development, save resources, and construct environmentally friendly buildings.			
Ratings	The construction projects are certified as one of the four ratings based on the scores they acquired: <ul style="list-style-type: none"> • Platinum (over 80) • Gold (60~79) • Silver (50~59) • Certified (40~49) 			

Best Practice: Goyang Logistics Park

Various environmental factors have been actively incorporated into Goyang Logistics Park, from the initial design and construction phase to the operational phase.

Goyang Logistics Park is recognized as an eco-friendly asset, having obtained multiple green building certifications. It has achieved LEED BD+C (LEED Building Design and Construction) certification, which ensures the incorporation of green principles during the design and construction stages. Additionally, it has been awarded LEED O+M (LEED Operation and Maintenance) certification, demonstrating the implementation of ESG strategies throughout its operational phase.

To fulfill our ESG commitment, we have considered a range of environmental factors throughout the design process and continually strive for sustainable operation and management. This includes initiatives to reduce water and energy consumption, eliminate hazardous chemical emissions, and utilize eco-friendly resources and materials. By prioritizing these environmentally conscious practices, Goyang Logistics Park exemplifies our dedication to sustainability and responsible business operations.



High-thermal efficient design

Greener parking and carpool areas

Water-efficient equipment

Sustainable material selection

Water-efficient site design

Energy efficient equipment

No CFCs emissions

Alternative green transportation

Waste management



03

Human Centric

Our Approach

Creating a satisfactory workplace for our stakeholders and working for the betterment of society as a whole is our utmost priority. We are committed to providing a secure and nurturing environment for our employees, while also recognizing the significance of maintaining a healthy work-life balance. Additionally, we take proactive measures to eliminate discrimination and promote respect for individuals of all identities and backgrounds, including gender, race, religion, disability, marital status, sexual orientation, family, and other personal characteristics. Moreover, we embrace sustainable practices by utilizing non-hazardous building materials and closely monitoring indoor air quality to ensure the well-being and safety of our valued tenants and surrounding communities.

UN SDGs



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Employee Engagement	30
Health and Well-being	31
Human Rights	32
Diversity, Equity, and Inclusion (DEI)	33
Customer Value Creation	34
Shared Growth	35

Stakeholder Engagement

Building long-term trust through stakeholder engagement and communication is imperative for sustainable growth, as it influences overall business decision-making. To achieve common business goals and uphold our core values, we prioritize effective communication with our diverse stakeholders, including customers, employees, shareholders, suppliers, partners, and the government. Through a range of channels, both online and offline, we proactively identify and address key concerns raised by each stakeholder group, taking their opinions into careful consideration during the decision-making process. Our unwavering commitment is to continually strengthen the bond of mutual trust through regular and meaningful interactions with our stakeholders.

	Key Interests	Communication Channel and Frequency	Importance and Activities
<p>Employees</p>	<p>Ensuring fundamental rights in workplaces, differentiated employee benefits, a safe and comfortable working environment, opportunities for growth and development, and equal opportunities and fair performance evaluations</p>	<ul style="list-style-type: none"> • Employee satisfaction survey (once in three years) • Worker representative (always) • HR/ethics channel (always) 	<p>Driving force to realize business value</p> <ul style="list-style-type: none"> • Provide training/program for developing capability • Worker representative system • “Happy-hours” to ensure flexible workplace environment and communication among employees
<p>Tenants</p>	<p>Competitive quality of logistics center, trustworthy brand image, fast and smooth communication</p>	<ul style="list-style-type: none"> • Tenant satisfaction survey (once in three years) • Tenant dedicated department and workforce (always) • Inquiries in website (always) 	<p>Provide feedback that helps generate profit and improve business</p> <ul style="list-style-type: none"> • Regular satisfaction survey and analyze improvements
<p>Local Communities</p>	<p>Participate in, develop, and vitalize the local community, and make a social contribution</p>	<ul style="list-style-type: none"> • Social contribution (once a year) • Training & meetings (once a year, skipped in 2022 due to COVID-19) 	<p>Maintain amiable relationships and have a positive influence in the community by responding to their needs</p> <ul style="list-style-type: none"> • Volunteering and supporting activities in the local community
<p>Shareholders/ Investors</p>	<p>Shareholder-friendly policies, integrated financial and non-financial risk management, transparent information disclosure, dividend payout ratio</p>	<ul style="list-style-type: none"> • Shareholder meeting (twice a year) • Corporate disclosure (always) • Website (always) • Media releases (always) 	<p>Provide business capital and feedback on performance/strategy</p> <ul style="list-style-type: none"> • Share performances and plans through regular IR updates • Establish and disclose dividend policy

Talent Management and Development

The key competitiveness of a company comes from securing the best talent with expertise. Therefore, we have built a talent management system to attract talented individuals and support the continuous growth of all employees.

Talent Management System

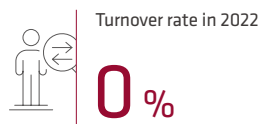
The HR strategy is designed to find the right people for the position and to enhance capabilities to facilitate business operations. We are working to ensure an inclusive and diverse workforce (recruitment, development, etc.) in addition to enhancing the performance of our employees. Through strategic partnerships and collaboration, we aim to foster a positive and productive work environment to realize our employee's fullest potential and enable them to contribute to our mutual success.

HR Strategy



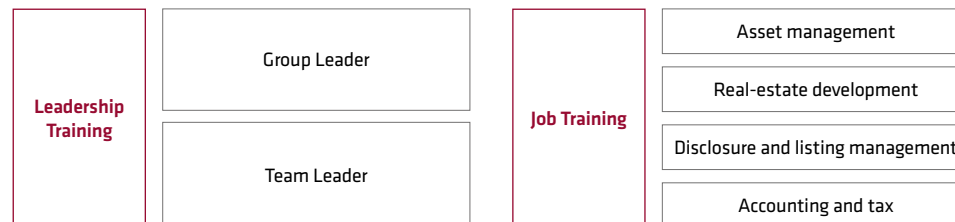
Talent Attraction

Our utmost priority in recruitment is to assess competence while ensuring fair and equal opportunities for all job applicants. To guarantee transparency and fairness, we have established internal regulations that strictly prohibit discrimination based on gender, age, geographic location, educational background, and other factors. To attract highly skilled professionals from diverse fields, we strategically recruit experienced individuals to meet the specific needs of each position or business division. In 2022, we successfully hired four new employees who bring valuable expertise to our team. Moreover, we consistently identify and address factors contributing to turnover, resulting in an impressive 0% turnover rate in 2022.



Fostering Talent

We offer various professional enhancement and career development programs to develop employees' capabilities and push their growth. We set career development plans for each employee and provide job-related training and programs to support them. From 2023, we have a plan for leadership/communication training for each position and training for division heads to strengthen employee leadership capabilities.

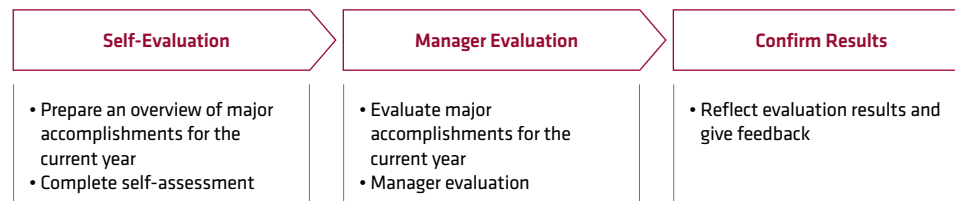


Fair Evaluation and Compensation

We are running a transparent performance evaluation system to guarantee fair and reasonable compensation based on work performance and compensation system is linked to the evaluation system to differentiate compensation based on performance. Since 2020, we have been regularly evaluating the performance, both competency and achievements, of all employees every year. In detail, we comprehensively measure competency in the eight major criteria and KPI achievement.

Performance Evaluation Process

Criteria		
Building trust	Providing output	Job related skills and expertise
Cooperation	Problem solving	Customer-centered services towards internal and external clients
Communication	Leading by example	



Employee Engagement

Along with remote work trend against the spread of COVID-19 pandemic and the digital transformation driven by technological advancements, there has been a shift in perspective among our employees. In response, new efforts are being made to foster solidarity between the company and its employees. We enhance employee engagement and commitment through continuous activities such as employee satisfaction surveys and our Team Building Activity program.

Employee Satisfaction Survey

We carry out employee engagement satisfaction surveys to build a healthy corporate culture and enhance employee job satisfaction. We entrusted the survey to a third-party company for objectivity. In principle, the survey is done once in three years, but monitoring is conducted every year on demand. All employees were asked about their satisfaction with the company and willingness to recommend it, and we are trying to improve corporate culture in a more worker-friendly way based on the results. The satisfaction survey in 2021 resulted in an overall score of 88, indicating that employees have a high level of satisfaction and willingness to recommend the company. The score of +67 of the Net Promoter Score (NPS) also shows their high satisfaction level.



Worker Representative System

We do not have a labor union, but we have a worker representative system for the discussion of employment, treatment, and working conditions with the company on behalf of workers. Through the system, we have set up a written agreement for a wide range of issues related to working conditions, including flexible and optional working hours, special extended working hours, compensatory leave, discretionary working hours, and paid vacations. What is agreed upon by worker representatives is applied to all employees. We will continuously make efforts to improve the working environment through the direct participation of the members.

What is Worker Representative?

A worker representative is a person who represents workers in the absence of a union organized by a majority of workers and is responsible for negotiating with the company by gathering opinions from internal members.

Team Building Activity

We have Team-Building Activities for improving employees' work performance and efficiency. We have held events such as corporate retreat, employee clubs, and "Happy Hours" for reasonable problem solving through efficient communications between employees. We will continue to promote communication to strengthen the trust among members of the organization and enhance work performance.

Pleasant Work Environment

We improved the employee lounge to increase work efficiency and provide a comfortable work environment for employees. There is an office cafeteria in the lounge, providing healthy breakfast and refreshments to improve employee satisfaction.

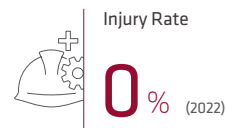


Health and Well-being

In pursuit of building a cooperative relationship between the company and its employees for mutual growth, employees must be happy. Therefore, the need for employee health and work-family balance is being emphasized. Accordingly, we are working to create a corporate culture where employees can stay healthy and happy by having several programs for promoting health and work-family balance.

Health and Well-being Satisfaction Survey

Health and well-being satisfaction surveys help promote a healthier corporate culture and work environment and make employees more satisfied with their health and well-being. All employees are asked about health-related questions, such as office temperature and humidity, indoor air quality and brightness of lighting, noise levels, and indoor landscaping, as well as their well-being, such as workplace stress, work-life balance, and life satisfaction. Based on the results, we derive improvement measures and continuously boost the health and well-being of our employees. The results of the survey in 2021 scored 94, indicating that employees are highly satisfied with their work-life balance overall.



Counseling and Psychotherapy Program

We provide Employee Assistance Program (EAP) in association with a professional counseling and psychotherapy company to relieve employees' stress and concerns about balancing work and family. One-on-one counseling and psychotherapy with a professional consultant is available to employees who wish to discuss and get advice on various topics including job stress, depression, anxiety, relationships, and family and child issues. The counseling is done totally anonymously, with the names and details of individual counselees not shared with the company. We will continue to support our employees in maintaining a healthy work and family life.

Balanced Work and Family Life

We provide a range of programs to support our employees' childbirth and parenting as much as possible and to help them successfully balance work and family.

Policy for Supporting Balanced Work and Family Life

Policy	Details
Maternity Leave	90 days of paid leave before and after giving birth (ordinary wage), ten days of leave for male employee
Parental Leave	Up to one year, can be split into two periods
Shorter Working Hours during Parenting	Available if employee eligible for parental leave wish to work shorter hours (15 to 30 hours per week)
Leave for Infertility Treatment	Up to three days a year (first one day will be paid)
Family Care Leave	Up to ten days a year in urgent need to care for a family member due to disease, accident, aging, parenting, etc.

Expanded Employee Benefits

We have multiple benefit programs to improve the livelihood and quality of life of our employees, and we entrusted defined benefit plans to an external company for a stable pension payment. We plan to expand them every year with opinions from our employees.

<p>Livelihood Support Tuition for children, congratulations and condolences financial support</p>	<p>Medical Support Medical checkups and expenses, group insurance</p>	<p>Leisure Support Support for self-development (learning, book, exercise, etc.) and club activities</p>	<p>Other Benefits Long service leave, paid leave, and phone bill financial support</p>
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Human Rights

Demand for corporate responsibility for human rights is growing as complex and diverse global supply chains raise the issue of human rights abuses and discrimination. We support the Ten Principles of the UN Global Compact (UNGC) Network on human rights, labor, the environment, and anti-corruption. And we are making efforts to respect the human rights of employees and external stakeholders affected by our business and to embed human rights into our corporate culture.

Principles for Human Rights Management

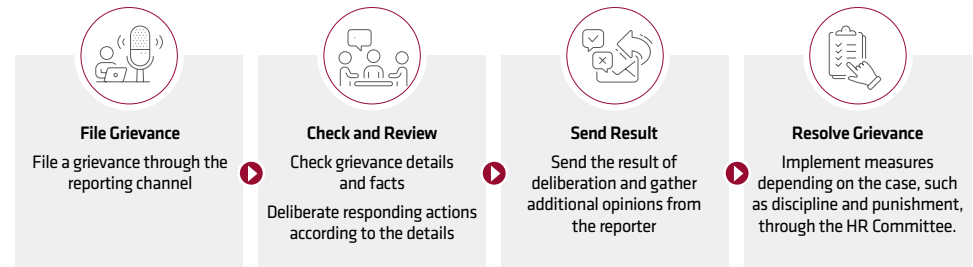
We comply with the standards and regulations of international organizations related to human rights, such as the United Nations Declaration of Human Rights and the International Labor Organization (ILO) Core Conventions. We also work to build a human rights management system to respect the human rights of all employees and stakeholders. Our focus is on the human rights management principles in the ESG Policy established by the ESG Committee and the safety and health of employees through work-life balance. We also prohibit to be involved in any kind of child labor, forced labor, human trafficking, etc. and clearly state these efforts to eradicate all kinds of activities.



Prevention of Discrimination and Harassment

No one is discriminated against for their race, nationality, gender, age, education, religion, etc. in all aspects of human resources, including employment, promotion, compensation, and benefits and diversity is also respected. To raise awareness of employees on human rights and practice respect for human rights, we provide annual training programs on prohibiting workplace harassment and sexual harassment and improving disability awareness. We also have an anonymous reporting channel through the grievance manager in cases of workplace harassment and sexual harassment, and all details, including the identity of the reporter, are kept confidential.

Process for Handling Grievance

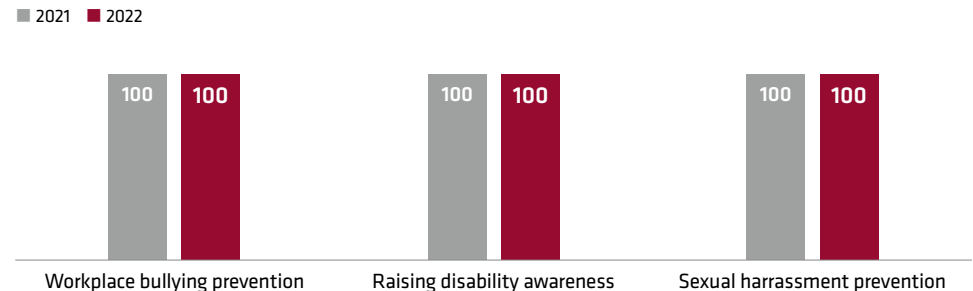


Human Rights Education

We carry out annual training on prevention of workplace harassment and sexual harassment and raising disability awareness for all employees to raise and internalize human rights awareness, and all employees have completed training.

Percentage of Human Rights Trainings

(Unit: %)



Diversity, Equity, and Inclusion (DEI)

Diversity, Equity, and Inclusion (DEI)

We recognize that organizations with high level of diversity foster creativity by communicating more freely and positive and inclusive work environment is essential to attract and retain diverse talent. We are committed to promoting workforce diversity and building an environment where all employees are valued, respected, and given equal opportunities to grow. For this, we monitor our employees' gender, age, social minorities (the disabled), nationality, race, education level, gender, position, etc. every month.

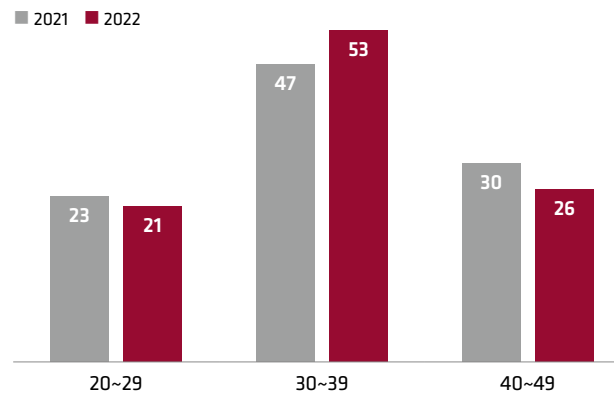
* DEI: Diversity, Equity, and Inclusion is an international human rights trend that refers to diversity management.

Diversity Survey Elements

- 1 Total number of employees
- 2 Number of employees by gender
- 3 Age distribution
- 4 No. of handicapped person
- 5 Nationality
- 6 Race
- 7 Education level
- 8 Distribution of job positions by gender

Our employees vary in their ages, and we are working to facilitate communication between generations to enhance organizational creativity. With a horizontal corporate culture, we encourage employees to freely express their opinions and share creative ideas from the perspective of each generation.

Ratio of employee age (Unit: %)



Gender Equality Culture

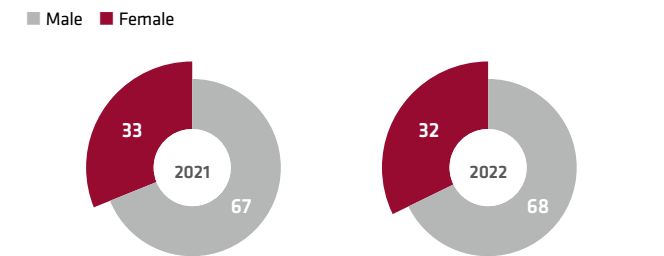
On March 8, 2022, we carried out ESG campaign celebrating International Women's Day. Under the theme of "Break the bias," we raised awareness of female employees' autonomous career development and strived to build an equal corporate culture. Furthermore, we had trainings wearing green for International Women's Day to raise employees' awareness of women's rights and explain the importance of corporate culture based on gender equality.



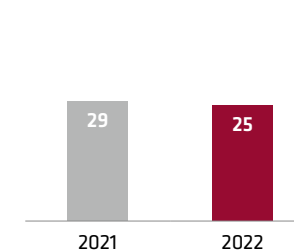
Fostering Female Workforce

In line with our goal of promoting DEI, we comply our internal rule to ensure diversity in recruitment, prohibiting discrimination based on gender, age, region of origin, school, religion, etc. for all applicants. In order to foster the next generation female leaders, we will guarantee career development and fair growth opportunities for female employees and increase the proportion of female managers.

Ratio of employee gender (Unit: %)

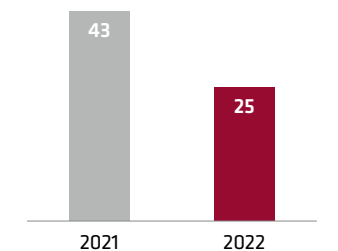


Ratio of Female Manager* (Unit: %)



* Team leader and above

Ratio of Female in New Hire (Unit: %)



Customer Value Creation

The demand for sustainable products and services is increasing as customer lifestyles change along with the rise of the 'new normal' era. We aim to improve health, well-being and satisfaction of tenants and to enhance customer value through continuous communication with them.

Tenant Satisfaction Survey

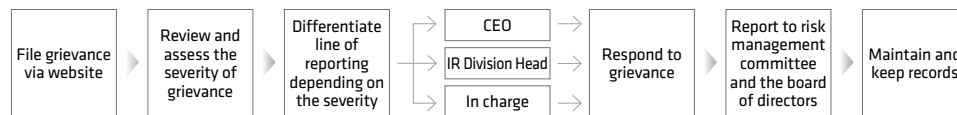
Through regular satisfaction surveys for tenants, we listen to their voices and consider their opinions. The survey is entrusted to the third-party organization (once in three years) and consists of various internal environment-related questions such as air quality, noise, hygiene, and lighting to investigate the overall satisfaction of tenants' environment. Based on the survey results on 11 logistics park, we developed an improvement action plans for better work environment. We will continue to expand communication channels and actively collect and reflect opinions for the more comfortable working environment for tenants.

Stakeholder Grievances

We have grievance process and dedicated workforce to address grievances and complains of stakeholders. We are filing them via inquiries* in our website and working to resolve the difficulties of stakeholders, differentiating reporting systems depending on the severity of the issue and taking proper actions.

* <https://www.esrks-reit.com/company/inquiry>

Grievance Process



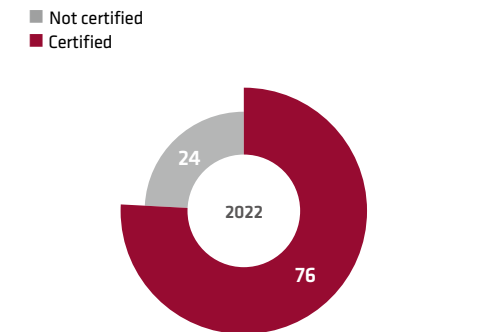
Tenant Health and Wellbeing Management

Due to the prolonged COVID-19 pandemic, the discussion on health and safety has rapidly shifted around the world. People today spend more than 90% of their time indoors. Since infectious diseases like COVID-19 mostly occur in these enclosed environments, the importance of health and safety issues in the architectural sector has increased significantly. International WELL Building Institute(IWBI) developed WELL Health-Safety Rating in March 2020 to cope with pandemics such as COVID-19 and other respiratory infections. This rating certifies the capability of the assets in response to disasters, mainly COVID-19, and requires satisfying more than 15 indicators out of 22 to be certified. We contribute to the health and well-being of tenants by obtaining WELL Health Safety Rating certification for more than 76% of our assets (based on the number of assets.)

WELL Health-Safety Rating Key Areas



Ratio of WELL HSR Certified Assets (based on the number of assets) (Unit: %)



WELL Health-Safety Rating Achieve Assets

13 out of 17 total assets achieved WELL HSR			
Gimhae Logistics Park 1	Icheon Logistics Park 1	Yongin Logistics Park 1	Pyeongtaek Logistics Park
Gimhae Logistics Park 2	Icheon Logistics Park 2	Yongin Logistics Park 2	Bucheon Cold Logistics Park
Anseong Logistics Park 3	Icheon Logistics Park 3	Yongin Logistics Park 3	
Anseong Logistics Park 4	Icheon Logistics Park 5		

Shared Growth

The growing demand for corporate social responsibility is leading companies to strengthen their management practices, including co-existence with industrial ecosystems and communities. Through various meaningful and genuine social contribution activities, we build a bright and healthy future by making a society that grows together through sharing, caring and creating environmental values.

'Happiness Box' Packaging Program

We participated in the 'Happiness Box' packaging program with the 'Happiness Alliance', an external social contribution alliance to spread ESG values to the community. We delivered the boxes to 600 children at risk of hunger across the country, and the boxes were filled with nutritious snacks and various products in accordance with children's gender and age. The program was designed to address the issue of malnourished children without enough meals and adequate welfare programs. We will expand the positive influence, supporting the vulnerable and underprivileged communities and families.



Plogging Activities

At Yeouido Park near the headquarters, the employees gathered for plogging, which means jogging and picking up litter, to encourage ESG practices among employees. Many employees participated to protect the environment and health at the same time. In the future, we will expand social contribution activities around our logistics assets to spread our ESG values to the local community.



Managing Influence on Community

We are annually assessing the social influence of seven assets of Subsidiary REIT No.1 to identify their impacts on the community and manage the impacts. Various indicators (accessibility to the assets in the region, number of crimes, number of fires and damage from them, and number and distribution rate of homes) are monitored to measure the impacts of our assets. Going forward, we will set practical plans for increasing positive impact and reducing negative impact in cooperation with tenants.

Indicator for Influence on Community

<p>Asset accessibility</p>	<p>Number of crimes</p>	<p>Number of fires and financial loss</p>	<p>Number and distribution rate of housing unit</p>
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04

Corporate Governance

Our Approach

We uphold responsible management practices by establishing a robust foundation for corporate governance and actively engaging with multiple stakeholders throughout our business activities.

Integrity in corporate governance is essential for long-term sustainable growth and serves as a fundamental pillar of responsible business conduct. To ensure our commitment to responsible business, we address economic, social, and environmental risks through our responsive systems and decision-making processes. Moreover, we maintain a zero-tolerance approach towards bribery and corruption, emphasizing the importance of compliance with our Code of Ethics and transparent information disclosure. By fostering trust among investors and various stakeholders through our ethical practices, we aim to create a solid framework for systematic and sustainable management, laying the foundation for the long-term success and growth of our organization.

UN SDGs



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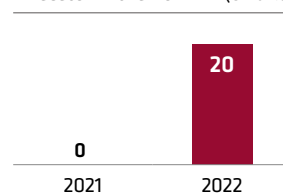
Corporate Governance

We understand that strong corporate governance is an essential element for making the right decisions and building the trust of shareholders and various stakeholders. For transparent and responsible management, we have organized a professional board of directors and are striving for sustainable growth and enhancement of corporate value through various committees.

The Board of Directors

There are currently five members (excluding the auditor) with outstanding expertise in logistics REITs in the board of directors and they are responsible for overseeing and voting on our key management issues. As there are no obligation to appoint the independent directors in Real Estate Investment Company Act, all directors are inside and non-executive. The number of female executives increased in 2022 compared to the previous year.

Percentage of Female Director in the BoD (Unit: %)



* 1 female executive out of 5 total board members (excluding auditors)

Members of the Board of Directors

Position	Name	Tenure	Career highlights
Representative Director (CEO)	Juhyun Cho	2020.08.27 ~ 2025.08.26	Current) Professor emeritus, Department of Real Estate, Konkuk University
Non-executive Director	Chunwoong Choi	2022.02.25 ~ 2025.02.24	Current) Professor, Department of Architecture, College of Engineering, Seoul National University
Non-executive Director	Junwoo Cho	2020.11.05 ~ 2023.11.05	Current) Lawyer, Lee & Ko
Non-executive Director	Minjoo Cho	2022.08.27 ~ 2025.08.26	Current) CEO, NISTech Co., Ltd.
Non-executive Director	Sunho Hwang	2020.11.05 ~ 2023.11.05	Current) Head of Investment team, Korea Teachers' Pension
Audit	Taeheon Kim	2020.08.27 ~ 2023.08.27	Current) Daekyo Accounting Corp. Former) KPMG Samjong Accounting Corp.

Conflict of Interest

A specially-related person of or a person paid regular remunerations by asset management company(Kendall Square REIT Management) that is entrusted with the investment and operation of assets, as well as their spouse, lineal ascendants and descendants cannot be designated as the director of ESR Kendall Square REIT according to the Article 14 of the Real Estate Investment Company Act. As such, we are ensuring transparent and independent governance by avoiding conflicts of interest.

The Executives of Kendall Square REIT Management

Our top decision-making body, the executives, represent the interests of various stakeholders, including shareholders and investors and are responsible for overseeing and voting on key management issues for the company's mid- to long-term growth. There are four executives, inside directors and temporary audit member.

Position	Name	Tenure	Career Highlights
Internal Director (CEO)	Sanghwoi Bae	2020.05 - 2023.05	Current) CEO of Kendall Square REIT Management Former) Director of Income JV team of ESR Kendall Square, LaSalle Investment Management, Hana Financial Group
Internal Director	Jaehyun Kim	2020.05 - 2023.05	Current) Head of MP&AM division of Kendall Square REIT Management Former) CPA of KPMG Samjong Accounting Corp.
Internal Director	Jinkook Lee	2022.03 - 2023.05	Current) Head of Investment Div. of Kendall Square REIT Management Former) CPA of EY Hanyoung Korea, KT ESTATE Div. of investment business
Audit	Sungmin Kim	2020.05 - 2023 (At the end of the Annual Shareholder Meeting)	Current) CFO and Head of Fund management & finance division of ESR Kendall Square Former) Director of Mapletree Korea Management Co., Ltd, Leader of Finance team of Prologis, Inc., Manager of Finance team of Sanha

Operation of the Committee

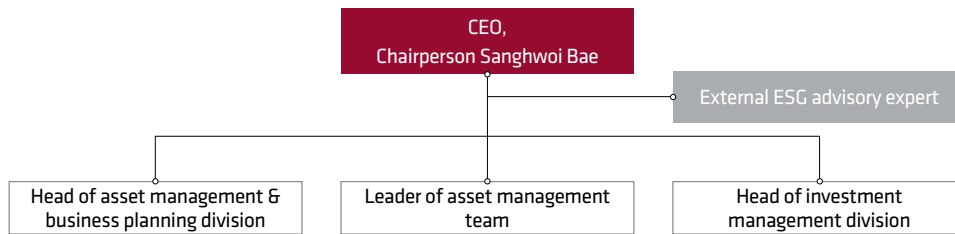
According to the Articles of Association, we have three committees (the Risk Management Committee, the Investment Review Committee, and the ESG Committee), and the ESG Committee has been established and operated since 2021. Through the amendment of the Articles of Association in 2023, the ESG Committee will be placed under the Board of Directors for a stronger driving force.

Types	Activities	Key Agenda in 2022	Members
Risk Management Committee	<ul style="list-style-type: none"> Fair valuation of assets entrusted by real estate investment companies Perform investment management of entrusted assets and risk management 	<ul style="list-style-type: none"> Lease risk management Decide on criteria for asset valuation and procedures Build management system to prevent conflicts of interest in asset investment 	<ul style="list-style-type: none"> Sanghwoi Bae (Chairperson) Head of asset management and management planning division Head of investment management division Compliance Officer
Investment Review Committee	<ul style="list-style-type: none"> Consider necessary measures for efficient investment and management of entrusted assets Establish investment guidelines and strategy 	<ul style="list-style-type: none"> Approve investment for one asset in Subsidiary REIT No.2 logistics 	<ul style="list-style-type: none"> Sanghwoi Bae (Chairperson) Head of asset management and management planning division Head of investment management division Compliance Officer
ESG Committee	<ul style="list-style-type: none"> Establish ESG management and direction and policy for responsible investment 	<ul style="list-style-type: none"> Establish ESG Policy Establish guideline for asset development and management Establish suppliers code of conduct 	<ul style="list-style-type: none"> Sanghwoi Bae (Chairperson) Head of asset management and management planning division Head of investment management division Leader of asset management team

Corporate Governance

ESG Committee

The purpose of our ESG Committee is to embed ESG strategies, such as ESG management or directions and policies of responsible investment, into overall management. Chaired by CEO Sanghwoi Bae, ESG committee reviews active directions of the executives toward ESG management. This committee is composed of the head of the business planning and asset management division, the leader of asset management team, the head of the investment management division, serving as a foundation for all employees to understand and implement ESG management in our business. Further, we seek advice from an objective perspective through external ESG experts when needed.



Performance of ESG Committee

ESG Committee focuses on establishing ESG policies, guidelines, and frameworks for active ESG management in annual regular meetings. In particular, the ESG activities are based on the mid- to long-term plans under ESG management strategy in the roadmap. The material issues and the contents of this report will be discussed in the ESG committee in 2023.

Date	Key Agenda
2021.11.11	Establish ESG policy
	Establish Asset Development & Management Guideline
	Introduce Supplier Code of Conduct
2022.11.08	Report 2022 ESG Performances
	Establish ESR Kendall Square REIT ESG Roadmap
	Establish ESG-related policies and guidelines

ESG Activities

Establishing and Implementing ESG Policy

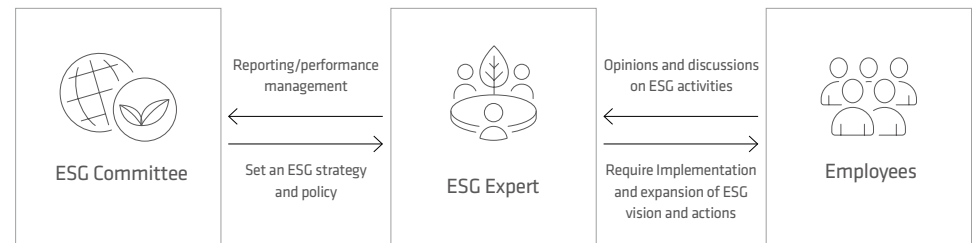
We have established an ESG Policy to systematically promote ESG management and carry out environmental, social, and governance priorities throughout the logistics real estate cycle. Our annual training for all employees fosters understandings of ESG, and we also have an annual ESG Champion system* to promote ESG values among our employees.



* ESG Champion System: A system that annually evaluates sustainability-related performance and rewards top performers to raise employee awareness of ESG management and spread activities.

ESG Framework

To push our ESG management strategy forward, we operate the system as follows. We establish ESG-related strategies and policies through ESG committee. And the dedicated ESG personnel requires detailed plans and actions in the business to ensure that all employees are aware of ESG strategies and policies and spread ESG values.



Corporate Governance

Performance Evaluation and Compensation of the Executives

We pay compensation for the executives of ESR Kendall Square REIT and Kendall Square REIT Management every closing period within the limits approved by the regular shareholders' meeting according to Article 388 of the Commercial Act. Moreover, incentive bonuses are determined based on the results of management performance evaluation (profit, EPS, revenue, etc.) in the fiscal year.

Appointment and Tenure of the Directors

After we nominate candidates through internal discussion on qualifications according to Article 14 of the Real Estate Investment Company Act and the background checks of Ministry of Land, Infrastructure and Transport, they are finally appointed with the approval of shareholders at a shareholders' meeting. The term shall not exceed three years.

Shareholders

The total number of issued shares of ESR Kendall Square REIT is 213,089,000 for both common shares and shares with voting rights as of November 30, 2022. CPP Investment Board Real Estate Holdings, Inc. is the largest shareholder with 52,952,822 shares (24.85%) as of November 30, 2022. Among domestic investment institutions, IGIS Asset Management holds more than 5% of the shares. In addition, as shown in more than 2% hold by large pension funds like National Pension Service, we are working for stable stock price with the expansion of investment by domestic and global asset managements.

Shareholders' Equity

(As of November 30, 2022, major shareholders)

Shareholder	# of shares	% of shares
CPP Investment Board Real Estate Holdings, Inc.	52,952,822	24.85
ESR Kendall Square REIT Holdings Pte, Ltd.	13,684,437	6.42
Shinhan Bank (IGIS Asset Management)	11,505,566	5.40
ESR Kendall Square	7,416,276	3.48
Kendall Square REIT Management	1,487,438	0.70
Other shareholders	126,042,461	59.15

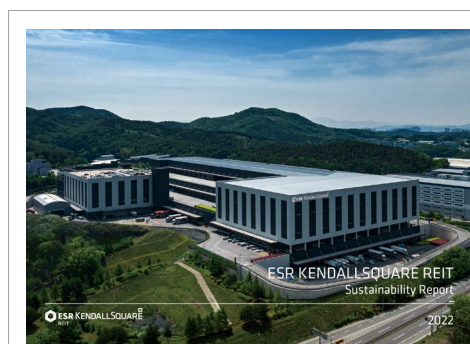
Increase Shareholder Value

We actively support smooth shareholder activities based on transparent management information by disclosing on the Data Analysis, Retrieval and Transfer System two weeks before the shareholders' meeting. In addition, our electronic voting system enable shareholders to exercise their voting rights without attending the meeting in person.

We pay dividends twice a year, at the end of May and November, and the dividends were KRW 57.5 billion, with KRW 270 per share (KRW 134 in the first half and KRW 136 in the second half of the year) in 2022. With increasing shareholder value as our priority, we will continue to secure profitability for shareholders and investors.

Building Trust through Transparency

We are actively engaged in providing fair and transparent management information to shareholders and investors and enhancing corporate value. In 2022, we held four conferences and investment meetings for domestic and foreign investors to disclose management information actively and transparently. Furthermore, from 2023, we will be the first logistics REIT in Korea to annually publish a sustainability report based on international standards to transparently disclose non-financial performance and data, such as environment and society. In the future, we will flexibly respond to changes in the business environment within the REIT industry and convey our vision and value to shareholders and investors through sustainable growth.



The First* listed REIT to publish
Sustainability Report in Korea

* A sustainability report that complies with GRI Standards 2021 and is verified by third-party assurance

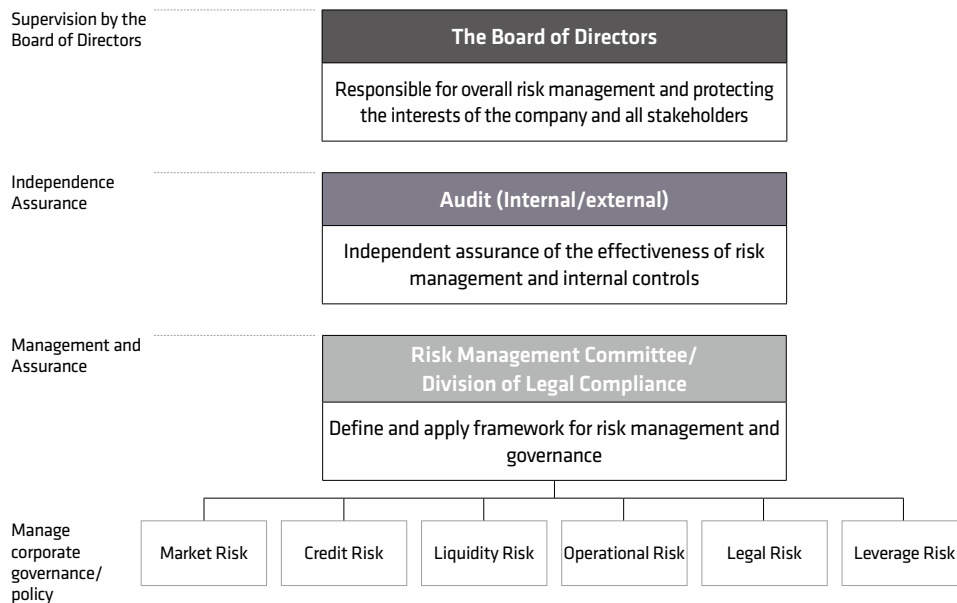
Risk Management

For more sustainable management system, we have established risk management organization and plan. Along with financial risks, we identify non-financial risks that arise directly and indirectly in the course of our business and proactively respond to them by identifying potential risks and setting scenarios. We also have a two track (periodic and continuous) monitoring system to ensure thorough risk management.

Risk Management System

Our risk management system identifies major risks that may affect the business in a rapidly changing business environment and derives countermeasures accordingly. We manage risks related to the overall operation of the company and REIT assets through internal control standards and risk management regulations. Related regulations are set by Risk Management Committee.

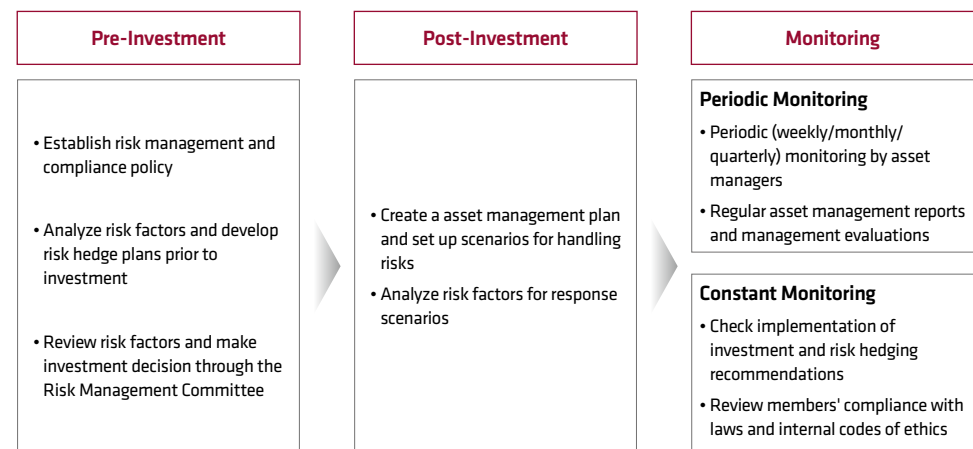
Risk Management Framework and Organization Structure



Risk Management Plan

We are conducting pre-management, post-management, and monitoring based on the business plan submitted at the time of asset approval. In the pre-management phase, we identify and analyze risks prior to investment and seek countermeasures to address them. In the post-management phase, based on the asset management plan, we set response scenarios for risks that are likely to occur. Lastly, we are committed to continuously mitigating risks through periodic and constant monitoring.

Risk Management Process



Project Investment Risk Management

We are operating an investment risk management process to identify and proactively respond to projects considering business profitability. For major projects, the Investment Review Committee conducts a comprehensive review of the project's profitability and financial/non-financial risks. Selected projects are then finally reviewed and approved for investment by the Board of Directors.

Risk Management

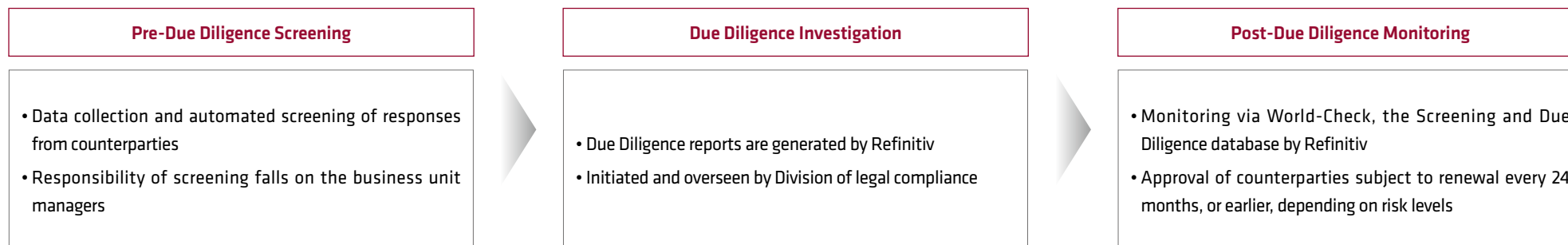
Business Partner Risk Management

Business partner risks may arise in situations that threaten or endanger the company due to our business relationship with other parties. To reduce business partner risks, we introduced a revised Business Partner Due Diligence Workflow in 2022 through the Business Partner due diligence platform “Compliance Desktop®”, which is licensed by Refinitiv*, a London Stock Exchange Group (LSEG) company. This platform incorporates both internal and external questionnaires on a risk-based approach to determine the extent of background checks using World-Check screenings and different level of approvals. The automated feature of the improved Business Partner Due Diligence Workflow increases our compliance and risk management by fostering greater robustness in our business relationships with third parties. The platform also improves risk management due to its transparency in the compliance status checks for vendors, contractors, capital partners, tenants and suppliers.

* Global provider of financial market data and infrastructure.

To facilitate supplier due diligence and selection, we utilize the Compliance Desktop® to determine the counterparties’ money-laundering and terrorist-financing risk assessment prior to the appointment of all counterparties including vendors and contractors. As part of the due diligence process, an internal questionnaire will be completed by the relevant business unit personnel. Based on the final risk rating (i.e., low, medium or high) and screening result, Division of legal compliance will determine if the business partner can be onboarded or additional enhanced due diligence (i.e., assigning an external questionnaire to the Business Partner) is required. The platform also allows on-going monitoring to be performed for existing counterparties which will enable us to improve our sustainability practices and performance in our supply chain.

Automated Counterparty Due Diligence Workflow



Risk Management

Financial Risk Management

We identify key financial risks and manage them with respective countermeasures.

Types	Details	Management Actions
Market Risk	Risks from uncertainties in future value or sudden price change due to fluctuations in the macroeconomic environment such as real estate market, interest rates, and exchange rates	<ul style="list-style-type: none"> - Regularly monitor market situations - Set scenarios to respond to risk factors
Credit Risk	Risks that occur when debtors or transaction partners fail to comply with their repayment or payment obligations	<ul style="list-style-type: none"> - Consider credit ratings or ability to pay when selecting transaction party or tenant - Constantly check the financial conditions of transaction parties, including credit ratings
Liquidity Risk	Risks for repaying short-term debt due to decreased market liquidity of assets owned and sudden change in value of collaterals	<ul style="list-style-type: none"> - Constantly check loan-to-value ratios and debt-service coverage ratios - Comply with the limit of liquidity investment specified in applicable laws and the articles of association
Operational Risk	Risks attributable to intention or negligence of the companies related to REIT asset management or transaction parties	<ul style="list-style-type: none"> - Select service providers through open competition - Analyze risk factors and set countermeasures before investment - Regular monitoring by the asset manager
Legal Risk	Risks from the failure to promptly take appropriate measures in response to non-compliance with laws or anti-competitive transactions as well as to the amendment of applicable laws and regulations	<ul style="list-style-type: none"> - Discuss in advance with the compliance officer before signing new contracts - Ask the compliance officer for an interpretations when identified the legal risks
Leverage Risk	Risks of unexpected losses due to changes in the financial environment, such as fluctuations in the value of invested assets or exchange rates, in the case of making an investment in excess of the asset with a loan collateralized by the very asset	<ul style="list-style-type: none"> - Check compliance with applicable laws and regulations in relation to borrowing funds in advance, including lenders and borrowing limits

Non-financial Risk Management

With the increasing interest and social responsibility of stakeholders such as clients and investors in the non-financial factors of a company, our departments are working together to manage key non-financial risks.



Data Privacy & Information Security

Cyberattacks and security-related threats are on the rise as automation and digitalization accelerate across various industries, and the COVID-19 pandemic has led to more remote work environments. Information security is emerging as an issue that can affect not only a company's internal systems but its entire business and beyond on a global scale. In response to these issues, we are working to strengthen internal IT security and comply with data privacy policies.

Information Security Management System

Company-wide information protection policy follows domestic and international information protection laws, such as the Personal Information Protection Act and the Act On Promotion Of Information And Communications Network Utilization And Information Protection. As such, we protect the company's information assets and the personal information of our clients with information security management activities.

Personal Information Policy



- 1 Purpose and retention period of personal information
- 2 Exercising rights/obligations over personal
- 3 Provision of personal information to the third party
- 4 Disposal of personal information
- 5 Securing safety of personal information
- 6 Installation, operation, and rejection of automatic personal information collection devices
- 7 Person in charge of personal information security

Information Security Team

With the designation of the IR Division as the division in charge of protecting personal information, we are committed to protecting personal information by building an internal control system for handling complaints and remediation related to personal information protection, preventing information leakage, and training employees. We also have an IT support team under Division of management support and strive to prevent information security risks by protecting information assets and establishing procedures for responding to information leaks.

Internalization of Information Security Awareness

We are raising awareness about information protection and spreading corporate culture among all employees to practice throughout their work. An online information protection training is held for all employees once a year, which consists of three topics to raise awareness on information protection. We provide regular updates to employees on the latest IT security trends to raise security awareness.

Prevention and Response to Cyber Security

We annually have security checks to prevent information leakage accidents on our IT systems and continuously work to prevent leakage in advance with mock hacking (vulnerability testing). In November 2021, we conducted two mock cyber hacking drills with the Korea Internet & Security Agency where the latest trend of social engineering attacks (emails with malicious URLs) were sent, followed by employee responses and measures taken by the IT supporting personnel. Through the first and second drills, we were able to confirm the high level of information protection awareness among employees, and it was also an opportunity to improve employees' information protection awareness.



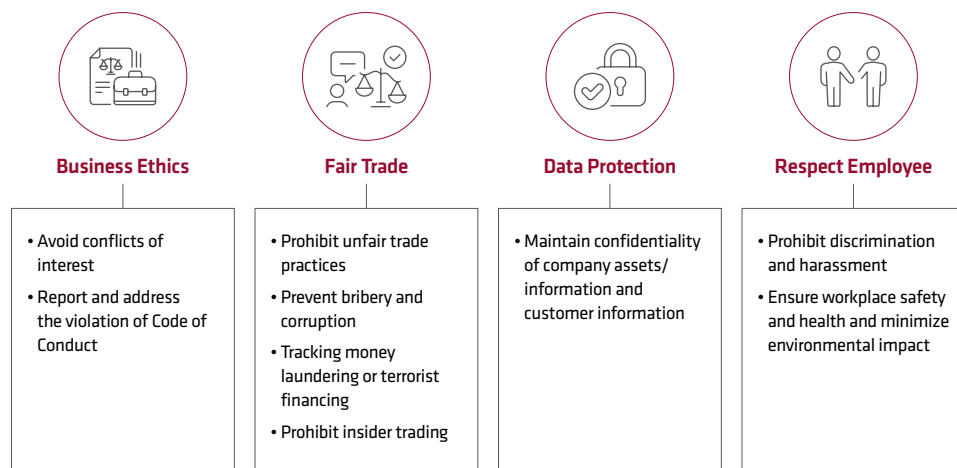
Ethics and Compliance

With legal and ethical compliance as a fundamental principle in doing business, we pursue fair and transparent management by minimizing legal risks in all of our business activities and establishing a Code of Ethics as a standard for decision-making processes and judgments.

Code of Ethics

We have been dedicated to uphold our legal and ethical responsibilities and establish corporate transparency throughout our business activities. In November 2021, we established the Code of Conduct & Business Ethics to strengthen the foundation of ethical management in the middle of the rapidly changing business environment. In doing so, we provide clear standards of judgment and behavior for members to practice fair and transparent business conduct.

Area of Code of Ethics Compliance



Dedicated Compliance Team

The Division of legal compliance is a dedicated compliance organization that is responsible for establishing and monitoring internal control policies, establishing and revising plans and regulations, and requesting corrections. Moreover, it supports auditors during internal audits, receives external audits, and checks compliance with the Code of Ethics for employees. As such, the Division of legal compliance oversees internal control and compliance monitoring, employee compliance education, and the spread of compliance culture to strengthen company-wide compliance.

Anti-Corruption Policy

We have established an anti-corruption and anti-bribery policy for all employees to achieve a social responsibility and compliance management culture. The policy sets forth the principles of anti-corruption and bribery, including zero-tolerance principle for corruption and bribery, graft, money laundering, political contributions and third-party management. At the same time, the Division of legal compliance checks standards and policies on ethics and compliance at least once in three years to verify the effectiveness of the internal control and minimize business transaction-related conflicts of interest. We will continue to comply with anti-corruption and transparent business practices.

Key Points of Anti-Corruption Policy

Policy	Key Points
Zero-tolerance Approach	Adopt a zero-tolerance approach to corruption and bribery.
Anti-bribery	Prohibit giving and promising of bribes to oneself or a third party in exchange for performing or failing to perform certain tasks related to company business.
Prohibit Accepting and Giving Entertainment Expenses	All employees are prohibited from accepting entertainment expenses and offering/accepting from third parties.
Prohibiting Improper Solicitation	All employees are prohibited from providing or promising to provide political contributions to public officials, heads and employees of public-service-related organizations and institutions for improper purposes.

Ethics and Compliance

Spreading Ethics and Compliance Culture

All our employees need to state and pledge Code of Ethics annually to raise their awareness of ethical and legal compliance. We also provide mandatory ethical and legal compliance training to all employees once a year. Through training on internal control standards such as the prohibition of unfair trade and the Code of Ethics and related regulations, we embed the employees' awareness of ethical practices and spread the company-wide ethical management culture.

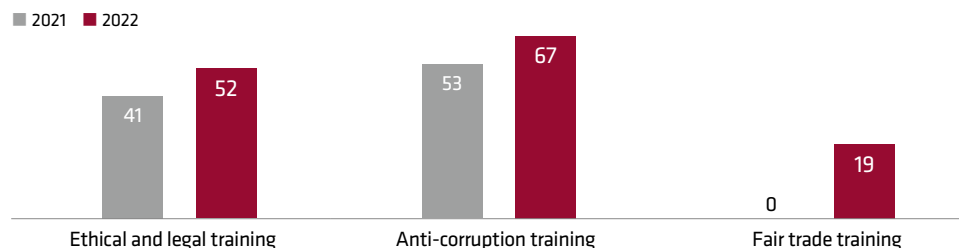
Code of Conduct and Business Ethics



- 1 Criminal violations during the reporting period
- 2 Condemned, reprimanded, disciplined, excluded, or suspended by a regulatory body or other professional association
- 3 External activities
- 4 Holding an equity in a family business and transactions when signing contracts
- 5 Violation of policies on gifts, travel, and entertainment
- 6 Violations of gifts, meals, gratuities, entertainment, and compensation to customers and investors, etc.
- 7 Conflict of interest with the company, etc.

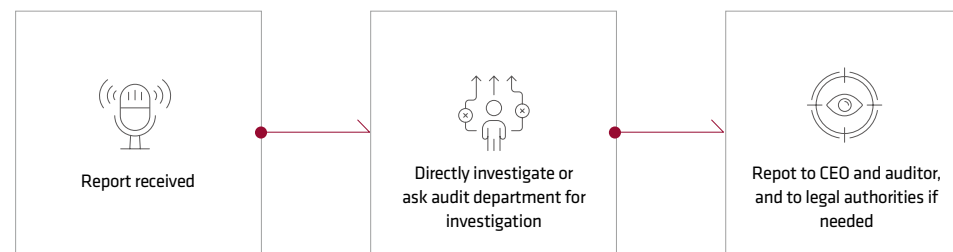
Ethical and Legal Compliance Trainings

(Unit: hour)



Whistleblowing System

The whistleblowing system prevents unethical behavior of employees and enhance integrity of the organization. All employees are encouraged to report issues such as violations of the Code of Ethics and internal control regulations, work-related misconduct, wrongful instructions, and sexual harassment to the compliance officer in charge of reporting and addressing. The reporting is basically done anonymously to protect the whistleblower through channels such as mail, telephone, and email. Upon receiving a report, we directly investigate or request an investigation from the audit department to determine the validity of the information. If the accusation is true, we take action to report it to the CEO and auditors and, if necessary, file a report with the legal authorities.



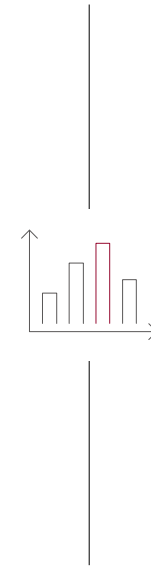
Fair-trade Compliance

To establish a fair and transparent transaction culture, we provide autonomous fair trade compliance training to all employees. In relation to subcontract risk management and fair competition, educational materials such as case studies and related articles are provided to enhance understanding of relevant cases and identify solutions that are appropriate to the situation.



05

Appendix



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ESG Data

Economic Performance

Consolidated Financial Statements

(Unit: KRW)

	November 30, 2022	May 31, 2022	November 30, 2021
Assets			
Current Assets	57,488,685,197	56,713,691,888	31,843,933,222
Cash and cash equivalents	31,103,100,434	33,920,832,610	23,518,984,130
Short-term financial instruments	-	63,408,806	-
Other financial assets	23,751,590,848	1,885,114,620	1,962,712,170
Other assets	1,773,113,629	1,885,114,620	5,427,377,842
Current tax assets	860,880,286	166,231,040	934,859,080
Non-current assets	2,196,393,319,600	2,211,329,931,990	1,411,301,666,198
Long-term financial instruments	42,218,793,453	42,218,512,733	26,715,879,351
Investment in associates	205,769,671,169	204,689,464,276	182,609,817,527
Investment properties	1,947,771,055,034	1,960,977,509,297	1,199,425,396,013
Property and equipment	86,741,918	96,969,863	-
Intangible assets	4,058,026	4,058,026	4,058,026
Other non-current financial assets	543,000,000	3,343,417,795	2,546,515,281
Total Assets	2,253,882,004,797	2,268,043,417,795	1,443,145,599,420
Liabilities			
Current liabilities	18,247,844,389	15,755,494,072	42,639,287,801
Other financial liabilities	16,132,537,241	13,107,188,659	12,629,407,224
Other current liabilities	2,115,307,148	2,648,305,413	1,866,350,058
Short term borrowings	-	-	28,143,530,519
Non-current liabilities	1,100,840,692,418	1,101,703,017,572	696,149,256,263
Long-term borrowings	1,062,285,032,142	1,060,285,280,740	668,141,585,260
Other non-current financial liabilities	35,201,826,651	37,609,993,805	25,012,584,480
Other non-current liabilities	3,353,833,625	3,807,743,027	2,995,086,523
Total liabilities	1,119,088,536,807	1,117,458,511,644	738,788,544,064
Equity			
Equity attributable to equity holders of the Parent Company	1,134,793,467,990	1,150,585,112,234	700,857,045,356
Share capital	213,089,000,000	213,089,000,000	143,259,000,000
Other paid in capital	900,186,631,606	900,186,631,606	541,103,130,210
Retained earnings	21,517,836,384	37,309,480,628	16,494,915,146
Total equity	1,134,793,467,990	1,150,585,112,234	704,357,055,356
Total liabilities and equity	2,253,882,004,797	2,268,043,623,878	1,443,145,599,420

Consolidated Statements of Comprehensive Income

(Unit: KRW)

	November 30, 2022	May 31, 2022	November 30, 2021
Operating revenues	49,006,142,346	46,743,296,752	30,062,669,527
Operating expenses	26,456,797,054	22,953,696,052	15,332,415,321
Operating profit	22,549,345,292	23,789,600,700	14,730,254,206
Non-operating income	5,948,511,526	22,082,065,871	4,433,011,217
Financial Income	628,242,226	241,706,147	96,282,387
Other income	277,510,151	72,732,652	1,532,700
Gains on valuation using equity method	5,042,759,149	21,767,627,072	4,335,196,130
Non-operating expense	15,735,575,062	15,696,395,089	9,677,861,880
Financial expenses	15,648,941,838	15,696,395,089	8,944,217,143
Other expenses	86,633,224	7	-
Losses on valuation using equity method	-	-	733,644,737
Profit before income tax expenses	12,762,281,756	30,175,271,482	9,485,403,543
Income tax expenses	-	-	-
Profit for the period	12,762,281,756	30,175,271,482	9,485,403,543
Owners of the Parent Company	12,762,281,756	30,175,271,482	9,485,403,543
Other comprehensive income	-	-	-
Total comprehensive income for the period	12,762,281,756	30,175,271,482	9,485,403,543
Owners of the Parent Company	12,762,281,756	30,175,271,482	9,485,403,543
Basic and diluted earnings per share	60	146	66

Consolidated Statements of Changes in Equity

(Unit: KRW)

	Share capital	Other paid-in capital	Retained earnings (accumulated deficit)	Non-controlling interests	Total
Balance at December 1, 2021	143,259,000,000	541,103,130,210	16,494,915,146	3,500,010,000	704,357,055,356
Increase in issued capital	69,830,000,000	372,193,900,000	-	-	442,023,900,000
Stock issuance fee	-	(3,274,398,604)	-	-	(3,274,398,604)
Transfer of other paid-in capital to retained earnings	-	(9,836,000,000)	9,836,000,000	-	-
Dividends paid	-	-	(19,196,706,000)	-	(19,196,706,000)
Profit for the period	-	-	30,175,271,482	-	30,175,271,482
Decrease in non-controlling interests	-	-	-	(3,500,010,000)	(3,500,010,000)
Balance at May 31, 2022	213,089,000,000	900,186,631,606	37,309,480,628	-	1,150,585,112,234
Balance at June 1, 2022	213,089,000,000	900,186,631,606	37,309,480,628	-	1,150,585,112,234
Dividends paid	-	-	(28,553,926,000)	-	(28,553,926,000)
Profit for the period	-	-	12,762,281,756	-	12,762,281,756
Balance at November 30, 2022	213,089,000,000	900,186,631,606	21,517,836,384	-	1,134,793,467,990

* To see financial statement : <https://dart.fss.or.kr/dsaf001/main.do?rcpNo=20230213801316>



ESG Data

Economic Performance

Consolidated Statements of Cash Flows

(Unit: KRW)

	November 30, 2022	May 31, 2022	November 30, 2021
Cash Flow from Operations	25,953,899,027	21,295,221,824	18,224,952,654
Cash flows from operating activities	35,508,505,894	38,079,742,637	22,139,485,855
Profit for the period	12,762,281,756	30,175,271,482	9,485,403,543
Adjustments (for:)	23,051,792,064	6,217,662,967	12,618,747,623
Depreciation for property and equipment	10,227,945	5,030,137	-
Depreciation for investment properties	13,767,305,001	13,066,668,307	7,682,730,245
Interest expense	15,648,941,838	15,696,395,082	8,944,217,143
Miscellaneous expenses	86,527,759	-	-
Losses on valuation using equity method	-	-	733,644,737
Interest income	(628,242,226)	(241,706,147)	(96,282,387)
Rental income	-	-	(6,782,353)
Other income	(513,148,104)	(491,097,340)	(303,583,632)
Gains from assets contributed	(277,061,000)	-	-
Miscellaneous income	-	(50,000,000)	-
Gains on valuation using equity method	(5,042,759,149)	(21,767,627,072)	(4,335,196,130)
Changes in operating assets and liabilities	(305,567,926)	1,686,808,188	35,334,689
Increase in account receivables	(19,096,529)	(254,906,746)	20,615,323
Increase in accrued income	(531,380,836)	(897,202,514)	(1,276,679,061)
Decrease (increase) in prepaid expenses	112,000,991	(645,890,182)	(669,925,686)
Decrease in prepaid value added tax	-	4,188,153,404	(4,188,153,404)
Increase in unearned revenue	-	1,099,078,150	1,011,355,739
Increase (decrease) in non-trade payables	198,001,202	(2,260,717,795)	5,029,544,173
Decrease in accrued expenses	(451,000)	-	-
Increase (decrease) in withholdings	(120,445,170)	113,332,718	6,645,812
Increase in value added tax withheld	55,803,416	344,961,153	101,931,793
Interest received	71,203,134	551,950,935	64,511,859
Income taxes received (paid)	(694,649,246)	768,628,040	(927,901,310)
Interest paid	(13,229,559,210)	(19,162,234,074)	(10,701,189,066)
Dividends received	4,298,398,455	1,057,134,286	7,650,045,316
Cash flows from investing activities	(217,705,203)	(811,294,751,401)	(261,895,483,146)
Cash inflow from investing activities	66,084,535	53,794,001,738	-
Decrease in short-term financial instruments	66,084,535	53,794,001,738	-
Decrease in long-term financial instruments	-	-	5,813,806,103
Decrease in other deposits	-	643,300,000	-

Six-Month Periods Ended
November 30, 2022, May 31, 2022, and November 30, 2021

(Unit: KRW)

	November 30, 2022	May 31, 2022	November 30, 2021
Cash outflow from investing activities	(283,789,738)	(865,088,753,139)	-
Increase in long-term financial instruments	-	(15,502,258,800)	(11,156,231,714)
Increase in short-term financial instruments	-	(53,214,110,544)	-
Increase in short-term loans	-	(15,000,000,000)	-
Acquisition of investments in associates	-	(5,258,158,846)	(26,200,000,000)
Acquisition of investment properties (Land)	-	(204,442,834,776)	(59,076,733,981)
Acquisition of investment properties (Building)	-	(558,804,315,616)	(171,276,323,554)
Acquisition of investment properties (Construction in progress)	(283,789,738)	(12,222,074,557)	-
Acquisition of property and equipment	-	(102,000,000)	-
Increase in other deposits	-	(543,000,000)	-
Cash flows from financing activities	(28,553,926,000)	800,401,378,057	240,295,739,205
Cash inflow from financing activities	-	928,805,849,357	259,806,197,803
Increase in issued capital	-	442,023,900,000	-
Increase in short-term borrowings	-	52,771,182,957	28,143,530,519
Increase in long-term borrowings	-	418,000,000,000	223,000,000,000
Increase in minority interest	-	-	3,500,010,000
Increase in leasehold deposits received	-	16,010,766,40	5,162,657,284
Cash outflow from financing activities	(28,553,926,000)	(128,404,471,300)	(19,510,458,598)
Dividends paid	(28,553,926,000)	(19,196,706,000)	(19,263,536,138)
Repayment for short-term borrowings	-	(80,914,713,476)	-
Repayment for long-term borrowings	-	(20,000,000,000)	-
Decrease in leasehold deposits received	-	(1,518,643,220)	(199,710,000)
Stock issuance fee	-	(3,274,398,604)	(47,212,460)
Decrease in non-controlling interests	-	(3,500,010,000)	-
Net increase (decrease) in cash and cash equivalents	(2,817,732,176)	10,401,848,480	(3,374,791,287)
Cash and cash equivalents at the beginning of period	33,920,832,610	23,518,984,130	26,893,775,417
Cash and cash equivalents at the end of period	31,103,100,434	33,920,832,610	23,518,984,130

ESG Data

Economic Performance

Created Economic Value

Content	Unit	2021	2022	Notes
Market cap	KRW 100 million	14,149	8,576	Based on closing price at the end of November 2021(KRW 6,640), at the end of November 2022 (4,025)
Operating profit	KRW 100 million	538	957	
Net profit	KRW 100 million	149	430	
Assets under management (AUM)	KRW 100 million	22,805	22,975	

Shared Economic Value

Content	Details	Unit	2021	2022
ESR Kendall Square REIT				
Shareholder	Dividend	KRW 100 million	385	575
Bondholder	Interest expense	KRW 100 million	150	313
Employee	Total	KRW 100 million	-	-
	Salary	KRW 100 million	-	-
	Pension payment	KRW 100 million	-	-
	Employee benefits	KRW 100 million	-	-
Supplier	Purchase and service payment	KRW 100 million	140	151
Government	Corporate tax	KRW 100 million		
	Total	KRW 100 million	35	20
Community	Tax and utility bills	KRW 100 million	35	20
	Donations	KRW 100 million	-	-
Kendall Square REIT Management				
Shareholder	Dividend	KRW 100 million	0.6	25
Bondholder	Interest expense	KRW 100 million	-	-
Employee	Total	KRW 100 million	26	28
	Salary	KRW 100 million		
	Pension payment	KRW 100 million		
	Employee benefits	KRW 100 million	2.5	3.2
Supplier	Purchase and service payment	KRW 100 million	2	3
Government	Corporate tax	KRW 100 million	23	14
	Total	KRW 100 million	0.13	0.32
Community	Tax and utility bills	KRW 100 million	0.13	0.17
	Donations	KRW 100 million	0	0.15

ESG Data

Environmental Performance¹⁾

Greenhouse Gas Emissions (Scope 1&2)

Content	Unit	2021	2022
Total GHG emissions (Scope 1+Scope 2)	tCO ₂ eq	27	28
Direct (Scope 1)	Emissions	tCO ₂ eq	2
	Intensity	tCO ₂ eq/m ²	0
Indirect (Scope 2)	Emissions	tCO ₂ eq	25
	Intensity	tCO ₂ eq/m ²	0.052
		0.054	

Other Indirect Greenhouse Gas Emissions (Scope 3)

Content	Unit	2021	2022
Downstream leased assets	Total	tCO ₂ eq	43,216
	Subsidiary REIT No.1	tCO ₂ eq	21,281
	Subsidiary REIT No.2	tCO ₂ eq	16,629
	REF	tCO ₂ eq	5,304
			6,730

Energy

Content	Unit	2021	2022
Total energy consumption	Total	kWh	80,538,007
	Headquarter	kWh	66,775
	Subsidiary REIT No.1 ²⁾	kWh	45,576,738
	Subsidiary REIT No.2 ³⁾	kWh	23,736,516
	REF ⁴⁾	kWh	11,157,978
Direct energy consumption from sources	Headquarter	LNG	kWh
	Subsidiary REIT No.1		kWh
	Subsidiary REIT No.1	LPG	kWh
	REF	(Propane)	kWh
Indirect energy consumption from sources	Headquarter		kWh
	Subsidiary REIT No.1	Electricity	kWh
	Subsidiary REIT No.2		kWh
	REF		kWh
	Subsidiary REIT No.1	Steam	kWh
Energy intensity	Headquarter	kWh/ m ²	129.0
	Total assets	kWh/ m ²	73.3

1) Among environmental data (2021~2022), some are not included due to master lease asset, new facility installation, etc.

2) Seven assets (Yongin Logistics Park 1, Gimhae Logistics Park 1, Icheon Logistics Park 2, Icheon Logistics Park 3, Goyang Logistics Park , Bucheon Logistics Park , Anseong Logistics Park)

3) Five assets (Gimhae Logistics Park 2, Icheon Logistics Park 5, Anseong Logistics Park 2, Anseong Logistics Park 3, Anseong Logistics Park 4)

4) Five assets (Icheon Logistics Park 1, Yongin Logistics Park 2, Icheon Logistics Park 4, Pyeongtaek Logistics Park, Yongin Logistics Park 3)

Water

Content	Unit	2021	2022
Water withdrawal	Headquarter	Municipal water	m ³
	Subsidiary REIT No.1, 2, REF	Municipal water	m ³
		Underground water	m ³
Water intensity	Headquarter		m ³ /m ²
	Total assets		m ³ /m ²

Waste (Scope 3)

Content	Unit	2021	2022
Total waste generated	kg	8,936,278	15,980,272
General waste and recycling	Total	kg	8,936,278
	Incinerated	kg	206,450
	Landfilled	kg	1,113,610
	Recycled	kg	7,598,228
	Recycling rate	%	85.0
	General	kg	17,990
Area of collecting waste management data	Total assets	m ²	305,472
Waste intensity	Total assets	kg/m ²	14.61
			7.74

Violations of Environmental Laws and Regulations

Content	Unit	2021	2022
Number of violations	Case	0	0
Fines/penalties from violations	KRW million	0	0



ESG Data

Social Performance

Employee Status (Kendall Square REIT Management)

Content	Details	Unit	2021	2022
Total Employment				
Total Number of Employee		Person	15	19
Types of Employment	Full-time	Person	15	19
	Male	Person	10	13
	Female	Person	5	6
	Ratio of full-time	%	100	100
	Part-time	Person	0	0
	Male	Person	0	0
	Female	Person	0	0
	Ratio of part-time	%	0	0
Gender	Subtotal	Person	15	19
	Male	Person	10	13
	Female	Person	5	6
Age	Subtotal	Person	15	19
	Less than 30	Person	5	4
	30-39	Person	5	10
	40-49	Person	5	5
	50-59	Person	0	0
	Above 60	Person	0	0
Position	Subtotal	Person	15	19
	CEO	Person	1	1
	Male	Person	1	1
	Female	Person	0	0
	Division head	Person	2	4
	Male	Person	1	3
	Female	Person	1	1
	Team leader	Person	5	4
	Male	Person	4	3
	Female	Person	1	1
	Manager	Person	7	9
	Male	Person	4	6
	Female	Person	3	3
	Staff	Person	0	1
	Male	Person	0	0
	Female	Person	0	1

Content	Details	Unit	2021	2022
Region	Korea	Person	15	19
	Overseas	Person	0	0
Tenure				
Average length of service	Average length of service, full-time	Year	1.8	2.4
	Average length of service, part-time	Year	N/A	N/A
Employee Diversity				
Female Manager	Number of female manager (Team leader and above)	Person	2	2
	Ratio of female manager	%	28.6	25.0
	Number of female executives*	Person	1	0
	Ratio of female executives	%	25	0
New Hires				
Total number of new hires (domestic)		Person	7	4
Types of employment	Subtotal	Person	7	4
	Full-time	Person	7	4
	Part-time	Person	0	0
Gender	Subtotal	Person	7	4
	Male	Person	4	3
	Female	Person	3	1
Age	Subtotal	Person	7	4
	Less than 30	Person	5	1
	30-39	Person	0	3
	40-49	Person	2	0
	50-59	Person	0	0
	Above 60	Person	0	0
Turnover & Retirement				
Total number of leavers		Person	1	0
Turnover rate		%	6.7	0
Number of voluntary turnover		Person	1	0
Voluntary turnover rate		%	100	0

* The auditor was a woman in 2021 and 2022 but was not counted among the female executives.

ESG Data

Social Performance

Parental and Maternity Leave (Kendall Square REIT Management)

Content	Details	Unit	2021	2022
Maternity leave users	Used	Person	0	0
	Returned	Person	0	0
	Rate of return	%	0	0
Parental leave users	Eligible	Person	0	0
	Used	Person	0	0
	Returned	Person	0	0
	Rate of return	%	0	0

Employee Training (Kendall Square REIT Management)

Content	Unit	2021	2022
Total number of employees participated in training	Person	15	19
Total training expenses	KRW 10 thousand	161	1,019
Training expenses per person	KRW thousand	85	757
Total training hours	Hour	217	1,395
Training hours per person	Hour	14	76

Regular Performance Evaluation (Kendall Square REIT Management)

Content	Unit	2021	2022
Gender	Subtotal	%	100
	Male	%	100
	Female	%	100
Age	Subtotal	%	100
	Less than 30	%	100
	30-39	%	100
	40-49	%	100

Employee Benefits (Kendall Square REIT Management)

Content	Unit	2021	2022
Total benefits expenses	KRW 10 thousand	24,720	31,526
Benefits expenses per person	KRW 10 thousand	1,648	1,659

Employee Health Management (Kendall Square REIT Management)

Content	Details	Unit	2021	2022
Medical checkup	Total	Person	10	18
	Employees	Person	10	13
	Spouse and family	Person	0	5
LTIFR		%	0	0
OFIR		%	0	0

Social Contribution (Kendall Square REIT Management)

Content	Unit	2021	2022
Number of participant	Person	0	9
Total donated amount	KRW 10 thousand	0	150
Total volunteer hours	Hour	0	31
Volunteer hours per person	Hour	0	3.4
Rate of Volunteer engagement	%	0	47.4



ESG Data

Governance

Activity of Board of Directors (ESR Kendall Square REIT)

Content	Unit	2021	2022
Number of the directors*	People	5	5
Hiring region of the directors	Metropolitan area	5	5
	Seoul capital area	0	0
	Overseas	0	0
Number of board meetings held	Times	12	9
Female Executives	Number of female executives	0	1
	Percentage of female executives	%	20
Board attendance rates	Average attendance rate	%	100
	Internal director attendance rate	%	91.7
	Non-executive director attendance rate	%	100
Board agendas	Count	27	16

* The auditor was not counted among the directors.

Activity of Board of Directors (Kendall Square REIT Management)

Content	Unit	2021	2022
Number of the directors*	People	3	3
Hiring region of the directors	Metropolitan area	3	3
	Seoul capital area	0	0
Number of board meetings held	Times	16	9
Female Executives	Number of female executives	0	0
	Percentage of female executives	%	0
Board attendance rates	Average attendance rate	%	100
	Internal director attendance rate	%	100
	Non-executive director attendance rate	%	-
Board agendas	Count	34	15

* The auditor was a woman in 2021 and 2022 but was not counted among the female executives.

Ethics Compliance Checks (Kendall Square REIT Management)

Content	Unit	2021	2022
Check internal ethics compliance	Times	4	4

Ethics and Compliance Training (Kendall Square REIT Management)

Content	Unit	2021	2022
Ethics & legal compliance training	Training hours per person	Hours	2.75
	Number of participants	People	15
	Participation rate	%	100
	the executives	%	100
Anti-corruption training	employees	%	100
	Training hours per person	Hours	3.5
	Number of participants	People	15
	Participation rate	%	100
Fair trade training	the executives	%	100
	employees	%	100
	Training hours per person	Hours	1
	Number of participants	People	15
Ethics & legal compliance training	Participation rate	%	100
	the executives	%	100
	employees	%	100

Committees (Kendall Square REIT Management)

Content	Unit	2021	2022
Number of events	Times	4	3
Attendance rate	%	100	100

ESG Training (Kendall Square REIT Management)

Content	Unit	2021	2022
ESG training	Hours of training	Hours	10
	Number of participant	People	15



GRI Standards 2021 Index

GRI Standards	Category	Disclose No	Content	Page	Notes
Universal Standards					
GRI 2: Disclosures about the reporting organization	General Disclosure	2-1	Organizational details	8	
		2-2	Entities included in the organization's sustainability reporting	2, 8	
		2-3	Reporting period, frequency and contact point	2	
		2-4	Restatements of information	-	Publishing sustainability report for the first time in 2022
		2-5	External assurance	59-60	
		2-6	Activities, value chain and other business relationships	5, 9	
		2-7	Employees	52	
		2-8	Workers who are not employees	-	There are no employee under such contract within organization.
		2-9	Governance structure and composition	8, 37	
		2-10	Nomination and selection of the highest governance body	39	
		2-11	Chair of the highest governance body	37	
		2-12	Role of the highest governance body in overseeing the management of impacts	37-38	
		2-13	Delegation of responsibility for managing impacts	37-38	
		2-14	Role of the highest governance body in sustainability reporting	38	
		2-15	Conflicts of interest	37, 40, 44	
		2-16	Communication of critical concerns	38	
		2-17	Collective knowledge of the highest governance body	-	No training for members of the board of directors
		2-18	Evaluation of the performance of the highest governance body	-	No performance evaluation for ESG Committee
		2-19	Remuneration policies	-	Not disclosing according to company principles (Information unavailable)
		2-20	Process to determine remuneration	-	No Compensation Committee
		2-21	Annual total compensation ratio	-	Not disclosing according to company principles (Information unavailable)
		2-22	Statement on sustainable development strategy	4	
		2-23	Policy commitments	43	
		2-24	Embedding policy commitments	54	
		2-25	Processes to remediate negative impacts	32, 34	
		2-26	Mechanisms for seeking advice and raising concerns	32, 34, 44	
		2-27	Compliance with laws and regulations	-	No violations of laws and regulations within reporting period
		2-28	Membership associations	-	Not engaged in industry related associations
		2-29	Approach to stakeholder engagement	28	
		2-30	Collective bargaining agreements	-	No labor unions
Material Topics					
GRI 3: Material Topics	Disclose Material Issue	3-1	Process to determine material topics	15	
		3-2	List of material topics	15	
		3-3	Management of material topics	16	



GRI Standards 2021 Index

GRI Standards	Category	Disclose No	Content	Page	Notes
Economic Standards					
GRI 200 : Economic topics	GRI 201:Economic Performance	201-1	Direct economic value generated and distributed	49	
		201-2	Financial implications and other risks and opportunities due to climate change	22	Definition of risk factors due to climate change, classification of physical and regulatory risks
		201-3	Defined benefit plan obligations and other retirement plans	31	Pension payments by defined benefit plans
		201-4	Financial assistance received from government	-	N/A
	GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	Not disclosing according to company principles (Confidentiality Constraints)
		202-2	Proportion of senior management hired from the local community	54	
	GRI 203:Indirect Economic Impacts	203-1	Infrastructure investments and services supported	-	No public support for infrastructure investment of services
	GRI 204:Procurement Practices	204-1	Proportion of spending on local suppliers	-	N/A (due to the nature of REIT industry)
	GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	44, 56	Risk assessed 100%, no major risks of corruption
		205-2	Communication and training about anti-corruption policies and procedures	54	
		205-3	Confirmed incidents of corruption and actions taken	-	No confirmed incidents of corruption
	GRI 206:Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	No violations of anti-competitive, anti-trust, and monopoly regulations
Environmental Standards					
GRI 300 : Environmental topics	GRI 302: Energy	302-1	Energy consumption within the organization	50-51	
		302-2	Energy consumption outside of the organization	50-51	
		302-3	Energy intensity	50-51	
	GRI 303: Water and Effluents	303-3	Water withdrawal	50-51	
	GRI 304 :Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	No logistics assets managed, leased, and owned in or near protected areas (Information unavailable)
		304-2	Significant impacts of activities, products and services on biodiversity	21	
	GRI 305 : Emissions	305-1	Direct (Scope 1) GHG emissions	50-51	
		305-2	Energy indirect (Scope 2) GHG emissions	50-51	
		305-3	Other indirect (Scope 3) GHG emissions	50-51	
		305-4	GHG emissions intensity	50-51	
	GRI 306: Waste	306-3	Waste generated	50-51	
		306-4	Waste diverted from disposal	50-51	
		306-5	Waste directed to disposal	50-51	



GRI Standards 2021 Index

GRI Standards	Category	Disclose No	Content	Page	Notes
Social Standards					
GRI 400 : Social topics	GRI 401 : Employment	401-1	New employee hires and employee turnover	52	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	31	
		401-3	Parental leave	53	
	GRI 403 : Occupational Health and Safety	403-6	Promotion of worker health	31	
		403-9	Work-related injuries	-	No injuries
		403-10	Work-related ill health	-	No ill health
	GRI 404 : Training and Education	404-1	Average hours of training per year per employee	53-54	
		404-2	Programs for upgrading employee skills and transition assistance programs	29	No transition assistance programs
		404-3	Percentage of employees receiving regular performance and career development reviews	29, 53	
	GRI 405 : Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	52, 54	
		405-2	Ratio of basic salary and remuneration of women to men	-	Not disclosing according to company principles (Confidentiality Constraints)
	GRI 406 : Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	-	No incidents
	GRI 408 : Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	No violations related to child labor
	GRI 409 : Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	No violations related to forced labor
	GRI 411 : Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	-	No violations
	GRI 412 : Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	35	Disclosed percentage of operations related to assessment of impact to community
	GRI 415 : Public Policy	415-1	Political contributions	-	No political contributions
	GRI 416 : Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	34	Disclosed percentage of WELL HSR certified assets
416-2		Incidents of non-compliance concerning the health and safety impacts of products and services	-	No violations	
GRI 417 : Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	-	No violations	
	417-3	Incidents of non-compliance concerning marketing communications	-	No violations	
GRI 418 : Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No violations	

Environmental Assurance Statement



LRQA Independent Assurance Statement Relating to ESR Kendall Square REIT Co., Ltd.'s environmental data for the calendar year 2022

This Assurance Statement has been prepared for ESR Kendall Square REIT Co., Ltd. in accordance with our contract.

Terms of engagement

LRQA was commissioned by ESR Kendall Square REIT Co., Ltd. (ESR Kendall Square REIT abbreviated) to provide independent assurance on its environmental data ("the report") against the ESR Kendall Square REIT's data management procedures to a limited level of assurance and materiality using ISAE 3000 and ISAE 3410.

Our assurance engagement covered evaluating the accuracy and reliability of data and information for energy consumption, greenhouse gas (GHG) emissions by energy consumptions, water withdrawal and waste generated relating to operations in its logistic centres (Bucheon LP, Goyang LP, Yongin LP1, Icheon LP2, Icheon LP3, Gimhae LP1, Anseong LP1) which ESR Kendall Square REIT owns.

LRQA's responsibility is only to ESR Kendall Square REIT. LRQA disclaims any liability or responsibility to others as explained in the end footnote. ESR Kendall Square REIT's 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 ESR Kendall Square REIT.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that ESR Kendall Square REIT has not, in all material respects, disclosed accurate and reliable performance data and information as summarized in Table 1 below as all errors identified during the assurance engagement were corrected.

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

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

- Auditing ESR Kendall Square REIT's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Checking whether GHG emissions and energy consumptions are calculated using parameters from recognized sources.
- Conducting an on-site visit to the facilities in Bucheon LP where the reported environmental data is related.
- Visiting the headquarters of ESR Kendall Square REIT in Seoul and reviewing additional evidence made available by ESR Kendall Square REIT.
- Verifying historical environmental data and records at an aggregated level for the calendar 2022.



LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

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.

This verification engagement is the only work undertaken by LRQA for ESR Kendall Square REIT and as such does not compromise our independence or impartiality.

Tae-Kyoung Kim
LRQA Lead Verifier
On behalf of LRQA

Dated: 23 May 2023

2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference: SE000000979

Table 1. Summary of environmental data for the calendar year 2022, ESR Kendall Square REIT

Category	Unit	Bucheon LP	Goyang LP	Yongin LP1	Icheon LP2	Icheon LP3	Gimhae LP1	Anseong LP1
Energy consumption	MWh	16,319	24,725	1,376	934	756	2,700	10,809
GHG emissions ¹⁾	tCO ₂ e	7,802	11,014	658	447	361	1,274	5,117
Water withdrawal	m ³	39,015	60,763	3,388	1,333	885	7,774	11,837
Waste generated	ton	2,901,890	8,139,000	5,190 ²⁾	2,124 ²⁾	906 ²⁾	1,086,423	1,680,440

Note:

1) GHG emissions include direct GHG emissions from combustion of fossil fuels and energy indirect GHG emissions from purchased energy. GHG emissions from other GHG sources, including refrigerants, are excluded.

2) Waste generated from operations in Yongin LP1, Icheon LP2, and Icheon LP3 does not include waste generated by tenants' occupancy.

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Independent Assurance Statement

To: The Stakeholders of ESR Kendall Square REIT

Introduction and objectives of work

BSI Group Korea (hereinafter "the Assurer") was asked to verify ESR Kendall Square REIT 2022 Sustainability Report (hereinafter "the Report"). This assurance statement applies only to the relevant information contained in the scope of the assurance. ESR Kendall Square REIT is solely responsible for all information and assertion contained in the report. The responsibility of the assurance is to provide independent assurance statement with expert opinions to ESR Kendall Square REIT by applying the verification methodology and to provide this information to all stakeholders of ESR Kendall Square REIT.

Assurance Standards and Levels

This assurance was based on the AA1000AS V3 (2020) Assurance Standard and confirmed that the report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. The assurance level was based on the Type 1 that confirmed compliance with the four principles of AA1000 AP (2018) in accordance with the AA1000 AS and verified the quality and reliability of the information disclosed in the report.

Scope of Assurance

The scope of assurance applied to this report is as follows;

- Based on the period from January 1st to December 31st 2022 included in the report, some data included 2023.
- Major assertion included in the report, such as sustainability management policies and strategies, goals, projects, and performance, and the report contents related to material issues determined as a result of materiality assessment.
- Conformity, appropriateness and consistency of internal processes and systems for information, data collection, analysis and review.

The following contents were not included in the scope of assurance.

- Financial information presented in the report.
- Disclosures in the international standards and initiatives index excluding GRI presented in the report.
- Other related additional information such as the website, business annual report.

Methodology

As part of its independent assurance, the assurer has used the methodology developed to collect relevant evidence to comply with the verification criteria and to reduce errors in the reporting, and has performed the following activities;

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and verification of the result to determine verification priorities,
- Review of the evidence to support the material issues through interviews with senior managers with responsibility for them
- Verification of data generation, collection and reporting for each performance index

Limitation

The assurer performed limited verification over a limited period based on the data provided by the reporting organization. This means that no significant errors are found during the verification process, and that there are limitations associated with the inevitable risks that may exist. The assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in the report are accurate and reliable and the assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards)
- The assurance opinion on the four principles presented by the AA1000 AP (2018) is as follows.

AA1000 AP (2018)

Inclusivity: Stakeholder Engagement and Opinion

ESR Kendall Square REIT defined employees, shareholders/investors, local communities and tenants as key stakeholder's groups, and operates communication channels for each group for stakeholder engagement. ESR Kendall Square REIT reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the report.

Materiality: Identification and reporting of material sustainability topics

ESR Kendall Square REIT established a strategy related to sustainable management and established a process to derive reporting issues and evaluate business and stakeholder impact across major ESG issues pools to determine the importance of the issue select 10 critical issues, and publish the process in the report

Independent Assurance Statement

Responsiveness: Responding to material sustainability topics and related impacts

ESR Kendall Square REIT established the management process for key reporting issues determined by the materiality assessment. In order to respond appropriately to the expectations of stakeholders, ESR Kendall Square REIT disclosed the process including policy, indicator, activity and response performance on key reporting issues in the report.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

ESR Kendall Square REIT established the process to identify and evaluate the impact on organizations and stakeholders related to key reporting issues. ESR Kendall Square REIT used impacts, risk and opportunity factor analysis results for key reporting issues to make decisions to develop response strategies for each issue, and disclosed the process in the report.

Key areas for ongoing development

- ESR Kendall Square REIT established ESG Committee under the board of directors in 2022 to ESR Kendall Square REIT established ESG Committee under the board of directors in 2021 to complete the higher management system for starting full-scale sustainability operation. For more effective management, it is expected that more effective management will be possible if upper-level policies and goals for sustainability management are established, and the responsibility structure for establishing operational strategies and reporting performance is clearly distributed.
- The report shows that ESR Kendall Square REIT has properly responded to material issues. Improving the responsiveness of ESR Kendall Square REIT to material issues can be improved by expanding engagement with local communities and NGOs and integrating the results of stakeholder engagement into decision-making and sustainability strategy development.
- Corporate responsibility in social areas such as human rights, supply chain, and local communities plays an important role in reducing ESG risks. As responses to ESG issues such as UN human rights investigations and the EU's supply chain ESG management have recently been intensified, they should be included as major challenges for long-term ESG management.

Statement of independence and competence

The assurer is an independent professional institution that specializes in quality, environment, safety and health, energy and anti-bribery, compliance related ESG management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with ESR Kendall Square REIT.

The assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as AA1000AS assurer, have a lot of assurance experience, and understand the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The assurer confirmed that this report is prepared in accordance with the GRI Standards, and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by ESR Kendall Square REIT, the sector standard was not applied.

[Universal Standards]

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-21 (Governance), 2-22 to 2-28 (Strategy), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

201-1~4, 202-1~2, 203-1, 205-1~3, 206-1, 302-1~3, 303-3, 304-1~2, 305-1~4, 306-3~5, 401-1~3, 403-9~10, 404-1~3, 405-1~2, 406-1, 408-1, 409-1, 411-1, 413-1, 415-1, 416-1~2, 417-2~3, 418-1



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10 June 2023

S. H. Lim / BSI Group Korea, Managing Director



