



## ESG MANAGEMENT POLICY

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## 1. OVERVIEW

Phoenix Property Investors (the “**Company**”) and its subsidiaries and affiliates (collectively, “**Phoenix**”) pride themselves on the integration of environmental, social and governance (“**ESG**”) values throughout their investment processes and business operations. Phoenix’s objectives are to drive ESG and thrive on the development and implementation of strategies in a manner that benefits its stakeholders. These commitments are enshrined into the working practices of the Company and detailed in the ESG Management Policy (the “**Policy**”).

The Policy is developed in accordance with the relevant environmental laws and regulations applicable to Phoenix and its operations and is intended to convey the ESG commitments, standards and guidelines set out by the Company as well as its ESG Objectives, as discussed below. In pursuit of proactive corporate social and environmental responsibility within Phoenix, the Policy applies to all governing bodies within Phoenix, to all global staff members (the “**Personnel**”), as well as to the assets and projects owned by or managed by Phoenix. The Policy recognizes, however, that it is not possible to implement all standards and guidelines and therefore allows that such standards and guidelines shall be followed/considered by Personnel, parties, assets and projects only if practicable and applicable.

The Policy is reviewed on a regular basis and updated if necessary based on changes in law, regulations, public policy, market trends and updates, and/or stakeholder concerns. The updated Policy shall be communicated and shared with Personnel and relevant third-parties in a timely manner.

Key ESG factors of which Phoenix has operational control over and/or significant impact are highlighted in the Policy.

## 2. ESG OBJECTIVES

Phoenix's ESG objectives are established to integrate ESG values into our investment decisions, projects and operations. The objectives that shape our ESG strategies are categorized into the four pillars: Sustainability Governance, Responsible Investment, Environment and Society.

### Sustainability Governance

- Assist in the compliance with applicable laws and regulations as they relate to the real estate advisory business of Phoenix
- Uphold corporate governance and business ethics through enhancing awareness and communication of the Company standards
- Encourage staff to take ESG factors into consideration when setting performance targets in an effort to facilitate sustainable development internally
- Report our responsible investment practices and ESG data in accordance with local and national sustainability standards and frameworks, including the United Nations Principles of Responsible Investment ("PRI") and the Global Real Estate Sustainability Benchmark ("GRESB")
- Enhance transparency of ESG disclosures to stakeholders, especially investors
- Oversee implementation of ESG approach and review performance on a regular basis to drive improvement

### Responsible Investment

- Be cognizant of and maintain awareness of the relevant jurisdiction's legal requirements and impact on the investment process
- Take into account ESG issues throughout the investment process to mitigate risks and enhance ESG performance in a manner which is consistent with applicable law and our fiduciary duty to our investors
- Perform assessment, including due diligence, to evaluate and identify environmental and social issues in connection with investment opportunities that may lead to positive potential ESG impact(s)
- Strive to increase building resilience, sustainability and investment return as part of the development or redevelopment process and through asset management plans

## Environment

- Support and progress towards aligning our climate-related targets to the Paris Agreement, an international treaty to limit global warming to levels that deter its most adverse impacts
- Pledge official support and work towards aligning our Fund-level ESG reports to the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations, a framework designed to help organizations more effectively disclose climate-related risks and opportunities
- Commit to Science Based Targets initiative (SBTi). Aim to reach net-zero value chain GHGs emissions by no later than 2050
- Promote environmentally friendly awareness by communicating environmental objectives to all Phoenix associates, partners and contractors
- Explore ways to enhance energy and water conservation as well as waste management at operation levels that are within our control
- Strive to improve indoor environmental quality at operation levels that are within our control
- Explore ways to identify and mitigate adverse environmental impacts during the design, construction and operation stage of the Company's real estate projects
- Explore environmentally friendly solutions and alternatives, such as using renewable energy when designing, developing and managing our projects
- Adopt, where practicable, applicable international building standards and best practices on green building design, such as LEED, BEAM Plus, and planning
- Where practicable, pursue green building certification for new development, renovation and value-added real estate projects

## Society

### Employees

- Support fundamental human rights in all employment and recruitment practices
- Strive to cultivate a discrimination-free and diverse workplace
- Promote equal opportunity for all employees
- Maintain active communications with all employees
- Safeguard the health, safety and wellness of all employees
- Support the training and development of all employees
- Promote employee awareness and understanding of the ESG Objectives as well as other policies and procedures set out by the Company

### Customers and Tenants

- Strive to enhance project, building and service quality to increase the satisfaction of customers and tenants
- Maintain two-way communication channels with all customers and tenants
- Integrate ESG elements into tenancy agreements to encourage responsible practices
- Promote health, safety and wellness in buildings owned and/or managed by Phoenix
- Protect the confidential data and intellectual property of all customers and tenants

### Business Partners

- Take ESG into consideration when selecting suppliers, contractors and service providers
- Require suppliers, contractors and service providers to have robust anti-corruption policies in place
- Require suppliers, contractors and service providers to demonstrate a proactive approach to compliance with anti-corruption laws and regulations
- Require suppliers, contractors and service providers to provide regular training and awareness programs for their employees on anti-corruption policies and procedures
- Communicate ESG-related requirements and expectations to property managers, joint venture partners, suppliers and contractors to strengthen ESG practices
- Protect the confidential data and intellectual property of all business partners

### Community

- Enhance ability to understand and respond to community concerns
- Support local community groups and projects
- Promote health, safety and wellness in the surrounding communities

### 3. SUSTAINABILITY TASKFORCE

Led by senior management, the Sustainability Taskforce (“Taskforce”) is responsible for strategizing and implementing Phoenix’s ESG objectives and measures for the long-term sustainable development of Phoenix. The Taskforce is comprised of employees from Asset Management, Project Management, Investments, Investor Relations, Legal and Compliance, Human Resources and Finance.

Working collaboratively with the independent sustainability consultants, the Taskforce is charged with:

- Overseeing the implementation and progress of the ESG Objectives
- Monitoring and assessing the ESG performance of the real estate portfolio and projects owned by and/or managed by the Company
- Driving positive sustainable outcomes through SMART target-setting and data collection against the GRESB framework
- Proposing, reviewing and refining ESG policies and procedures, as necessary
- Promoting ESG within the Company and through active stewardship activities
- Reporting the Company’s ESG performance and updates to senior management on a regular basis

## 4. RESPONSIBLE INVESTMENT

Phoenix's investment strategies not only aim to generate long-term financial returns, but also aim to bring long-term ESG values to its stakeholders. According to the United Nations PRI, responsible investment is "a strategy and practice to incorporate environmental, social and governance factors in investment decisions and active ownership".

To this end, Phoenix's Investments Team takes into consideration ESG issues to enhance sustainability values and long-term returns for the investors. The below practices are to be followed where applicable and practicable:

- Applies an exclusion screening criterion according to our Exclusion Statement (see Section 5) at the Preliminary Screening investment stage.
- Considers whether the property in consideration has been assessed for its vulnerability to climate and ESG risks, and the effectiveness of current adaptation and/or mitigation mechanisms.
- Gauges the ESG performance of the property in consideration through benchmarking and considers future ESG enhancement feasibility in investment decisions.
- Integrates ESG considerations into the property's exit strategy.
- Applies asset class-specific principles on the above ESG integration processes into investment decisions.
- Retain external consultants to conduct ESG due diligence and assessment (such as environmental impact assessment and traffic impact assessment) to identify and report the pertaining ESG issues prior to each investment and/or during the due diligence of the investment
- Strive to revitalize the urban landscape and community through various strategies, such as the redevelopment of dilapidated buildings and/or brownfield sites into premium-grade developments



## 5. EXCLUSION STATEMENT

Phoenix believes a moral baseline exists when it comes to responsible investment. There are products and services that are detrimental to the well-being of our society. Thus, Phoenix bars inclusion of such businesses in our portfolio of investment and/ or assets under management over which we have full discretion.

In addition to legally required exclusions, Phoenix does not lease to tenants or invest in issuers (whether from an equity or debt standpoint) that derive at least 5% or other designated thresholds of their annual revenue from the following business activities:

- Manufacturing and sale of controversial weapons (including but not limited to napalm, white phosphorus, chemical weapons, biological weapons, nuclear weapons, landmines, cluster munitions)
- Systematic association with terrorism/acts of terrorism acts including convicted and formally charged offenders (only those which have not taken adequate and appropriate remedial action)
- Deriving greater than or equal to 25% and greater than or equal to 10% of revenue from thermal coal mining for Emerging Markets and Developed markets companies respectively
- Operating coal mining businesses in markets without captive coal demand, as defined by operations in markets where there is greater than or equal to 80% coal share of power generation or Emerging markets companies that have not implement a credible green transition plan
- Deriving greater than or equal to 10% of revenue from oil sands without implementing a comprehensive green transition plan
- Manufacturing of tobacco products and its key components
- Deriving greater than or equal to 30% of revenues from sales of e-cigarettes and/or Heat-not-Burn nicotine products
- Sale of gambling services and related products
- Production and sale of pornography
- Activities having caused severe environmental damage, such as toxic emissions and waste, water stress, operational waste, poor regard for biodiversity and land use, etc.
- Cannabis products designed for recreational or adult use
- Involvement in child labour, forced labour, or perpetuating inadequate labour management practices
- Professional misconduct linked to top executives (i.e., C-suite level), such as corruption, fraud, bribery, money laundering, tax evasion, accounting irregularities, or violations of regulations or reporting standards

Moreover, Phoenix screens the assets and tenants based on the following criteria:

- Energy emissions
- Transition risks resulting from climate change

## 6. CORPORATE GOVERNANCE

Phoenix is committed to pursuing and maintaining a sound corporate governance framework. In this connection, Phoenix's fund advisory boards, which include some of the largest and sophisticated global institutional investors and high-net-worth families, conduct annual meetings to be updated and discuss fund operations. In addition, advisory boards are convened, if necessary, to be informed of and approve any potential conflicts of interest. Phoenix has published and implemented an internal Compliance Manual, Code of Ethics as well as a U.S. Foreign Corrupt Practices Act ("FCPA") / Anti-corruption Policies and Procedures, to convey the Company's corporate governance standards to Personnel. These policies provide that any suspected violation or misconduct shall be reported to the relevant department head as well as the Chief Compliance Officer ("CCO") for further investigation.

### Code of Ethics

The Code of Ethics outlines the Company's standards on upholding business ethics, including the protection of confidential data and avoidance of conflicts of interests. Under this Code, the below practices are to be followed:

- Conduct business in a fair, lawful, prudent and ethical manner
- Furnish competent and disinterested advice to its clients and investors regarding the sound management of their investments
- Make investments that are appropriate for the investment objectives of clients and Phoenix's funds and in the best interests of its investors
- Respect and protect the privacy of the clients and investors by maintaining the confidentiality of the clients' and investors' (or former clients' and investors') non-public information, subject to applicable law

### Compliance Manual

The Compliance Manual outlines the Company's commitment to preserve the integrity and reputation of its name, operations and people by complying with applicable laws and regulations in each of the markets in which it operates. Details regarding whistleblower procedures are also set out in the Compliance Manual.

### FCPA / Anti-Corruption Policies and Procedures

The FCPA / Anti-Corruption Policies and Procedures outline the Company's procedures and practices with respect to compliance with all applicable anti-corruption laws, including, but not limited to, the U.S. Foreign Corrupt Practices Act, the ROC Anti-Corruption Statute, the Japan Unfair Competition Prevention Act, the Hong Kong Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance and the PRC Anti-Unfair Competition Law.

## 7. EMPLOYMENT PRACTICES

We believe that a representative, cohesive, inclusive and diverse workplace fosters a greater variety of views and ideas that leads to better business outcomes. We further believe that the combination of the individual differences, unique experiences, knowledge, self-expression and capabilities that our employees bring to work represents a significant part of not only our culture, but also our reputation and achievement.

### Labor Standards

Phoenix is committed to prohibiting any forms of illegal employment by upholding labor standards in accordance with respective laws and regulations in which the Company operates. During the recruitment process, the valid identification documents of each applicant shall be verified as to prevent any illegal employment (e.g. child or forced labor). In the event of any inadvertent confirmed illegal employment, such employment shall be terminated immediately, and reasonable compensation shall be provided.

### Diversity, Inclusion and Equal Opportunity

The Diversity and Inclusion Policy as well as the Equal Employment Opportunity Policy outline the Company's commitment to cultivating a discrimination-free workplace that promotes equal opportunity, diversity and inclusion. Regardless of gender, race, color, religion, nationality, age, sexual orientation, disability, marital status and other dimensions of diversity, equal opportunity shall be granted to all employees of the Company.

### Occupational Health and Safety

Phoenix is committed to promoting the well-being of its employees and its contractors by mitigating risks associated with health and safety issues in the workplace.

## 8. TENANT ENGAGEMENT

Phoenix is committed to enhancing tenant satisfaction and ESG awareness by developing engagement programs and providing assistance through its real estate projects and services. To foster this, Phoenix provides guidelines for tenants in the standard lease which provide suggestions to support sustainable practices during the lease term.

### Engagement Program

The following programs are established to engage with tenants where practicable:

- Daily communication and complaint handling mechanism
- Regular tenant meetings
- Tenant satisfaction survey and improvement plan
- Tenant fit-out and refurbishment program
- Tenant procurement assistance
- Tenant guidelines to promote ESG practices and environmental consciousness
- Indoor environmental quality improvement plan, including air quality, acoustic comfort and thermal comfort, etc.
- Regular fire drill
- On-site waste management and segregation
- Enrolment in energy and water saving as well as waste management seminars or relevant accreditation programs

## 9. ENERGY MANAGEMENT

Phoenix is committed to enhancing energy efficiency and optimizing energy consumption throughout the investment process, design, construction and renovation phase, building operations and daily practices.

### Policy

The below policies are to be followed where practicable:

- Consider the integration of energy-efficient building designs, systems and features as well as green energy and/or building standards in the jurisdiction of development projects
- Consider the integration of renewable energy source and technology, e.g. solar and wind
- Switch off electronic appliances and devices while not in use
- Record and monitor energy consumption data
- Explore the use of electronic appliances and devices with high energy-efficiency/rating where feasible
- Explore energy-saving measures in daily operations and in real estate projects and services
- Promote energy-saving awareness and practices in daily operations and in real estate projects and services

## 10. WATER MANAGEMENT

Phoenix is committed to enhancing water efficiency, ensuring quality of water supply and optimizing the consumption and discharge of water throughout the investment process, design, construction and renovation phase, building operations and daily practices.

### Policy

The below policies are to be followed where practicable:

- Provide steady water supply, including water source and a system of pumps and pipes
- Consider the incorporation of water-efficient building designs (such as water conservation, recycling and reuse), features and landscapes where feasible
- Develop and implement a commissioning plan
- Explore the use of water equipment and fixtures with high water-efficiency/rating where feasible, such as indoor, outdoor and process water efficiency
- Explore water-efficient measures and irrigation practices
- Clean water tanks and sample water supply regularly to promote water quality
- Conduct inspection regularly to identify any water leakage
- Record and monitor water consumption data
- Promote water-saving awareness and practices in daily operations and in real estate projects and services
- Monitor wastewater discharging from construction and renovation sites to mitigate water pollution
- Require the buildings achieve minimum water-use intensity once fully operational
- Incorporate drip irrigation and smart irrigation systems
- Design landscape areas requiring little to no irrigation
- Leak detection system
- On-site wastewater treatment
- Reuse of stormwater and greywater for non-potable usage
- Treat stormwater pollutants, landscape design to complement natural site hydrology

## 11. WASTE MANAGEMENT

Phoenix is committed to mitigating the risks associated with the generation, reuse, recycling, storage, handling and disposal of hazardous waste and non-hazardous waste throughout the investment process, design, construction and renovation phase, building operations and daily practices.

### Policy

The below policies are to be followed where practicable:

- Seek ways to minimize the production of waste (such as construction, demolition, commercial waste, etc.) and reuse materials wherever possible
- Record and monitor waste data including the type and amount of waste being generated, by weight or volume and waste streams. Waste streams refer to the complete flow of waste from generation to final disposal
- Explore waste measures in daily operation and in real estate projects and services
- Progressively improve waste management by setting up segregation and recycling facilities in the Company's offices and real estate projects
- Explore the feasibility of domestic waste recycling for different property types
- Promote waste reduction and recycling awareness and practices in daily operations and in real estate projects and services
- Collect and store waste in appropriate locations and facilities
- Appoint licensed and qualified haulers to collect and handle waste

## 12. SUSTAINABLE PROCUREMENT

Phoenix is committed to introducing ESG values into the procurement practices by selecting suppliers/contractors/service providers with ESG-related considerations and monitoring their ESG-related compliance and performance.

### Policy

The below policies are to be followed where practicable:

- Meet with suppliers/contractors/service providers/asset managers to review compliance in business operations
- Prioritize the suppliers/contractors/service providers that complete and submit ESG assessment form and relevant document(s) along with the tender, if applicable
- Prioritize suppliers/contractors/service providers that fulfill the sustainable procurement selection criteria
- Review the environmental and social compliance and performance of suppliers/contractors/service providers
- Evaluate the environmental impacts from raw material acquisition to end-of-life disposal. Assess the lifecycle impacts of the entire project until realization of assets
- Consider the embodied carbon of the materials and components, in which emissions arise from cradle to grave

### Selection Criteria

The following criteria are embedded in the process of selecting suppliers/contractors/service providers where practicable:

- Compliance with applicable environmental and social laws and regulations
- Business ethics
- Environmental process standards
- Environmental product standards
- Transportation distance
- Human rights and labor conditions
- Freedom of association
- Human health-based product standards
- Occupational safety
- Health and well-being
- Environmental Product Declarations
- Health Product Declarations
- Non-combustible cladding products
- Locally extracted or recovered materials
- Low embodied carbon materials
- Low-emitting VOC materials
- Materials and packaging that can easily be recycled



- Materials that disclose environmental impacts
- Materials that disclose potential health hazards
- FSC-labelled materials
- Rapidly renewable materials and recycled content materials
- “Red list” of prohibited materials or ingredients that should not be used on the basis of their human and/or environmental impacts
- Third-party certified wood-based materials and products

### Building Materials Selection

The following factors are taken into consideration for the selection of building materials where practicable:

- Recycled contents
- Recyclability
- Durability
- Embedded carbon
- Presence of hazardous substances (such as volatile organic compounds, lead, asbestos, radon, etc.)
- Locally sourced materials

## 13. SUSTAINABLE SITE DEVELOPMENT

Phoenix is committed to introducing ESG values into projects under construction and renovation by developing relevant strategies for on-site operations and criteria for site selection.

### Strategy

The below strategies are to be followed for projects under construction and renovation:

- Monitor compliance with applicable laws and regulations
- Establish communication channels, holding community meetings, setting up a website or hotline to ensure that stakeholders are kept informed about the project and its potential impacts on the community
- Adopt integrative design approach that brings together all relevant parties in the development process to synergise and maximise energy and water-saving conservation
- Design to exceed energy codes of respective jurisdictions, as feasible
- Ensure the water supply plan is fit for purpose and does not aggravate any local water security risks
- Adopt green building standards and obtain green building certifications where feasible
- Monitor the on-site performance of energy and water consumption, waste management, as well as associated carbon emissions
- Monitor and, where feasible, improve the on-site health and safety condition and on-site environmental quality
- Conduct technical assessment to identify risks and opportunities in terms of maximizing environmental performance and wellness
- To the extent practicable, mitigate adverse environmental impacts by minimizing and monitoring associated air, land, light, noise and water pollution
- Conduct due diligence in developing risk mitigation plan regarding nuisance and/or disruption risks to surrounding community of the construction site
- Identify the key stakeholders who are likely to be impacted by the project, including local residents, local government, etc.
- Develop a monitoring plan that outlines the specific activities that will be carried out during the project, conduct interviews and evaluate the project's progress
- Consider the sourcing of raw materials and assess the supply chain
- Consider the procurement of sustainable building materials and assess the supply chain
- To the extent practicable, increase site accessibility by providing sufficient vehicle and bike parking facilities
- To the extent practicable, enhance resilience through developing buildings that withstand resilience shocks and increasing awareness and capacity for emergency situations
- To the extent practicable, divert construction, demolition waste, reusable vegetation, rocks and soil from disposal

### Site Selection Criteria

The following site criteria are taken into consideration for real estate projects under construction and renovation where practicable:

- Connection and accessibility to public transportation and transit networks
- Connection to existing developed areas and surrounding neighborhoods
- Preservation and enhancement of heritage sites, including those with environmental, historic and cultural values
- Protection, restoration and conservation of natural habitats and biodiversity
- Minimize the adverse environmental impacts on site and to the surrounding environment
- Redevelopment of brownfield sites

## 14. CLIMATE CHANGE AND GREENHOUSE GAS

Phoenix is committed to promoting climate change adaptation and mitigation through incorporating climate-resilient measures into and reducing carbon footprint from our projects as well as daily operations.

### Policy

The below policies are to be followed where practicable:

- Consider the integration of climate-related risk (such as flooding event, heavy precipitation and super-typhoon) as a part of the due diligence and risk management process
- Adjust to existing or predicted climate-related risks. Reduce the negative impacts from climate change (e.g. rising sea level, extreme heat wave and storms). Make the best of climate change (for example less heating demand in winter)
- Record and review energy usage for reviewing associated greenhouse gas emission data
- Seek opportunities to improve energy efficiency and reduce carbon footprint from energy consumption
- Promote carbon-reduction awareness and practices in daily operations and in real estate projects and services
- Consider the embodied carbon of materials and supplies

## 15. RESILIENCE

Phoenix is committed to promoting resilience towards climate change and other disturbances through incorporating resilient planning and measures into our projects as well as daily operations.

### Strategy

The below strategies are to be followed for projects under construction, renovation and operation where practicable:

- Explore measures to increase capacity to recover from disturbances caused by climate-related risks (such as natural disasters, extreme weather and climate change) and social risks (such as social activities, cybersecurity, and pandemic)
- Establish emergency plan and/or contingency plan in case of disturbances caused by natural disasters, extreme weather and climate change
- Promote awareness of resilience-related risks for relevant employees to respond in case of disturbances caused by natural disasters, extreme weather and climate change
- Consider the integration of resilient building materials, designs and features

Updated on 4 March 2024