



RESPONSIBLE INVESTMENT POLICY

CONTENTS

1.	OVERVIEW	2
2.	ESG OBJECTIVES	3
3.	SUSTAINABILITY TASKFORCE	6
4.	RESPONSIBLE INVESTMENT	7
5.	EXCLUSION STATEMENT	8
6.	CORPORATE GOVERNANCE	9
7.	SUSTAINABLE SITE DEVELOPMENT	10

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 Responsible Investment 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 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 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

5. EXCLUSION STATEMENT

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.

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
- Adopt green building standards and obtain green building certifications where feasible
- 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.
- 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 land, water, air and noise pollution
- Conduct due diligence in developing risk mitigation plan regarding nuisance and/or disruption risks to surrounding community of the construction site
- 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

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

- Projection, restoration and conservation of natural habitats and biodiversity
- Minimize the adverse environmental impacts on site and to the surrounding environment
- Redevelopment of brownfield sites

Updated on 4 March 2024