

Kerry Properties Limited Climate Change Policy

Global warming and climate change threaten the very existence of humanity. Scientific data from the Intergovernmental Panel on Climate Change (IPCC) points out that extreme weather events caused by global warming are already affecting several parts of the world. In 2015, the international community adopted the Paris Agreement to keep a global temperature rise well below 2 degrees Celsius above pre-industrial levels and aim for 1.5 degrees Celsius. However, limiting global warming would require collective action.

Kerry Properties Limited (“Kerry Properties” or “KPL”, which together with its subsidiaries referred to as the “Group”, “Company” or “we”) is a world-class property company with significant investments in mainland China and Hong Kong. The Group recognises that climate change poses both risks and opportunities for its business. Therefore, the Group is committed to building a resilient and future-proof business by adopting climate mitigation and adaptation measures. Climate change risk management is an integral part of the Group’s sustainability policy.

Scope

The climate change policy applies to the entire Group and all business activities.

Objective

The main objective of this policy is to establish guidelines for managing climate-related risks and opportunities and pursuing appropriate mitigation and adaptation strategies to build a climate-resilient business.

Commitments

The Group is committed to mitigating climate impact by reducing the greenhouse gas emissions from our operations and relationships. The Group’s climate change policy includes the following:

Climate-related Risks and Opportunities

Adopt international frameworks such as the Task-Force on Climate-related Financial Disclosures (TCFD) to assess climate-related risks and opportunities and the financial impact of climate change to develop a strategic response for climate mitigation, adaptation and resilience.

Mitigation – Reduce the carbon footprint of our properties and operations

- Reduce energy consumption and greenhouse gas emissions by incorporating energy efficiency considerations in the whole life cycle of our properties, including design, construction, operation and maintenance stages. Establish short, medium and long-term emission reduction targets;
- Use clean or renewable energy where possible to reduce greenhouse emissions;
- Implement environmental management system across our properties whenever practicable, and continuously strengthen our energy-saving measures to meet our carbon emissions reduction targets;

- Take consideration of energy efficiency into the procurement process to source low-carbon sustainable building materials to minimise embodied carbon;
- Explore opportunities to adopt renewable energy in our properties, whenever economically viable and practicable;
- Offset carbon, such as to purchase carbon credits or renewable energy certificates, if our carbon footprint surges; and
- Encourage our employees, contractors and occupants to minimise carbon emissions in their operations and daily activities whenever practicable.

Adaptation - Reduce the impacts of climate change on our properties and operations

- Incorporate climate-related risks into our risk management and internal control systems;
- Institute an internal carbon price to guide climate risk management measures and investment strategy;
- Develop organisational capabilities through training and awareness to integrate considerations for climate risks and opportunities across business divisions and functions;
- Develop a systematic process to assess the exposure of our operations and properties to climate-related physical and transition risks to develop appropriate strategies;
- Use future climate scenarios to innovate and integrate resilience features into the design and development of our buildings and properties to ensure their structural integrity and safety in changing climatic conditions such as overheating, precipitation, thermal impact, thermal comfort and health impact;
- Conduct climate resilience assessments for our properties to review potential climate-related risks and explore low carbon and climate-resilient building measures;
- Collaborate with stakeholders to develop feasible measures to prevent or minimise the impacts of identified climate-related risks on our properties and operations.

Climate Targets

Establish short, mid and long-term targets for reducing greenhouse gas emissions in our operations, covering scope-1, scope-2 and scope-3 emissions. Measure performance against the targets to assess our progress.

Community Resilience – Help build resilient communities

Consider climate resilience aspects in the Group’s community planning and development programmes.

Stakeholder Engagement

We are committed to engaging with stakeholders such as governments and regulators, industry associations, NGOs, suppliers, contractors and employees to support collective efforts for an orderly transition to a net-zero economy. Use our membership to engage and support national and international trade bodies and organisations promoting climate mitigation and adaptation efforts.

Reporting

We are committed to monitoring and disclosing our performance using the TCFD Recommendations covering the governance, strategy, risk management, and targets and metrics as part of our sustainability reporting.

Responsibilities

This policy has been reviewed by the Sustainability Steering Committee (the “Committee”), whose Chairman is the member of the Board and has been approved by the Board. The Committee will review and update this policy periodically. The Board is responsible for the oversight over the Group’s climate policy and performance, and management and divisional heads are responsible for its implementation.