

# CLIMATE CHANGE POLICY

## 1. Introduction

Sunlight Real Estate Investment Trust (“**Sunlight REIT**”) 2030 Sustainability Vision, our sustainability strategy framework set in the financial year 2019/20, guides our efforts in managing the most material sustainability issues to the business and stakeholders. In the sustainability strategy framework, Henderson Sunlight Asset Management Limited (“**the Manager**”) identify twelve focus areas under four strategic pillars, of which climate change (“C.C.”) is one of the focus areas under the strategy pillar of land.

We aim to minimize our environmental footprint, mitigate the impact of climate change on our operations and, where necessary, adapt our operations and increase our resilience to climate change. We strive to operate our properties in accordance with green building principles set out in global and local green building certification schemes such as Hong Kong BEAM Plus issued by HKGBC and to continuously improve our environmental performance.

We are also committed to identifying and managing climate change risks (*See Appendix 1*) which are commonly found in our industry and across our operations with reference to international standards such as Task Force on Climate-Related Financial Disclosures (“**TCFD**”). Climate-related physical and transition risks are identified and addressed in our corporate risk management process.

## 2. Scope

The main responsibility of the Manager is to manage Sunlight REIT and all of its assets in accordance with the Trust Deed in the sole interest of the unitholders of Sunlight REIT. Henderson Sunlight Property Management Limited (“**HSPM**”) has been delegated the responsibilities of providing property management, lease management and marketing services solely and exclusively for the properties of Sunlight REIT located in Hong Kong, subject to the overall management and supervision of the Manager.

This Climate Change Policy applies to all directly-managed properties and will be communicated to the Deed of Mutual Covenant Managers (“DMC Managers”) of all non-directly managed properties on a regular basis. We shall share this policy with our stakeholders such as our tenants, contractors and suppliers and encourage them to support climate change mitigation.

## 3. Approach

Sunlight REIT has classified our commitments into three categories, namely mitigation, adaptation and resilience in addressing climate change in our operations:

### **Mitigation**

- We are committed to reducing our carbon footprint, aiming to achieve our carbon emissions reduction targets. In doing so, we will apply energy audit and monitor the corresponding usage. We will seek to implement energy saving projects and innovations

to optimize energy efficiency and minimize the carbon footprint of the properties we directly managed. We will increase the use of renewable energy in our properties through on-site energy generation.

- In partnership with our employees, tenants, suppliers and other stakeholders, we will encourage and help them to reduce carbon emissions in their daily operations. We will promote environmental-friendly operating measures to our employees and tenants and engage our suppliers to source eco-friendly products.
- We will incorporate environmental and climate change considerations into our procurement process, such as supplier selection based on environmental criteria and the purchase of low carbon and energy efficient products and materials.

#### **Adaptation**

- We will assess climate change risks and opportunities and enhance our understanding of the impact of climate change on operations, including any associated physical risks, transition risks (*See Appendix 1*) as well as financial risks and opportunities.
- We will put in place plans to prevent or minimize the damage that climate change may cause to our properties, taking advantage of any opportunities that may arise. We will disclose to the public and inform stakeholders of the identified climate-related risks and how these risks are monitored and managed.
- We will conduct risk preventive measures to minimize the damage that climate change and its associated extreme weather events, such as typhoon, overheating and flooding, may cause to our properties.

#### **Resilience**

- We will develop an appropriate crisis management plan for our operations in response to more severe impact brought by extreme weather events to improve our properties' resilience to the changing climate.
- We will build the capacity and enhance preparedness of our employees, contractors, and tenants for handling emergent situations under extreme weather events, such as typhoon and flooding.
- We will conduct climate resilience assessments for our properties to review potential climate-related risks and collaborate with third parties including the DMC Managers to explore applicable climate-resilient property measures.

#### **Stakeholder communications**

- We will regularly communicate the risks associated with climate change to our business partners such as tenants, suppliers and contractors through sustainability disclosure and regular communication, and develop a strategy to enhance the resilience of our business and our partners.

- We will provide relevant information and regular disclosures for stakeholders to review and monitor our climate-related performance and assess the climate change impacts on our operations.

#### 4. Monitoring

We will monitor, track and report on all aspects of our Climate Change Policy and associated strategy on a regular basis. We will keep appropriate records over time and report to the ESG Committee. The Board has designated the Disclosures Committee to be responsible for overseeing progress against goals for addressing climate-related issues, through the ESG Committee.

The ESG Committee will report to the Disclosures Committee about climate-related issues and ESG-related risks, including climate-related risks, on a semi-annual basis. Material climate-related issues and risks will, amongst other ESG matters, be reported by the Disclosures Committee to the Board. The Disclosures Committee shall ensure that climate-related issues and risks are reported to the Board on a regular basis. We welcome scrutiny from our stakeholders and seek to be accountable for all our actions and decisions relating to climate change.

#### 5. Review

This Climate Change Policy will be periodically reviewed by the ESG Committee and be amended and updated according to latest codes, regulations and standards as appropriate.

### Appendix 1: Examples of climate risks and potential impacts

	Category	Potential impact
Physical risks	Catastrophic events	<ul style="list-style-type: none"> <li>• Costs to repair or replace damaged assets</li> <li>• Property downtime and disruption</li> <li>• Potential for increased insurance costs</li> </ul>
	Changes in weather patterns	<ul style="list-style-type: none"> <li>• Increased wear and tear on or damage to buildings</li> <li>• Cost of investment in adaptation measures</li> </ul>
Transition risks	Market demands and valuation	<ul style="list-style-type: none"> <li>• Reduced occupancy for vulnerable buildings</li> <li>• Reduced asset value</li> </ul>
	Policy and regulation	<ul style="list-style-type: none"> <li>• Increased cost of conducting business due to new disclosure and compliance requirements</li> <li>• Additional capital investment to comply with stricter regulation</li> </ul>
	Reputation	<ul style="list-style-type: none"> <li>• Risk to reputation for underperforming company</li> <li>• Lower liquidity and/or reduced attractiveness of assets that have not incorporated mitigation plan</li> </ul>