



WANG ON PROPERTIES LIMITED

宏安地產有限公司

(Incorporated in Bermuda with limited liability) (Stock Code : 1243)

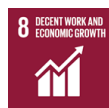
ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

1. Purpose

Wang On Properties Limited and its subsidiaries (collectively referred to as the “Group”) as a responsible enterprise, the Group shoulders the responsibility of citizens, insists on "care and love ", and strives to create a great future for the public and the next generation. At the same time, the Group pursues the values of “prudent management and perfection”, strictly abides by the laws, regulations and industry norms of the location where it operates and continuously improves the quality of services and products. Through this policy, the Group aims to strengthen internal communications to ensure that all employees understand the Group's management policies in all aspects of sustainable development and establish and implement work guidelines and specific measures in line with the local conditions of its business and operations.

The following are the Group’s ESG Pillars and Focus Areas that contribute to the United Nations Sustainable Development Goals. Progress on related measurable targets shall be reported in our annual ESG reports.

ESG Pillars and Focus Areas



2. Scope of application

This policy is effective as of 21 November 2019. This policy applies to all business operations of the Group. All employees of the Group, including full-time, part-time and contract staff, are subject to this policy and other relevant policies, guidelines and codes.

3. Robust Governance

3.1 ESG Governance

ESG Committee

The Committee, chaired by the Executive Director of the Company, is responsible for analysing and identifying the Group’s ESG issues (including climate-related risks). The Committee shall then report to the Board for the evaluation and subsequent implementation or revision of the Group’s ESG strategies.

In line with The Stock Exchange of Hong Kong Limited’s latest ESG requirements, the Group has established the ESG Committee (the “Committee”). The primary objective of the Committee is to analyse and identify the Group’s ESG issues (including climate-related risks). The Committee shall then report to the Board for the evaluation and subsequent implementation or revision of the Group’s ESG strategies. Consequently, the Committee is also responsible for reporting to the Board on the Group’s annual GRESB assessment results. Upholding GRESB’s best practices, all applicable staff personnel is annually appraised on their contributions to advancing the Group’s ESG goals.

ESG Manual

To drive continuous improvement, the Group has established an ESG Manual which is aligned to the ISO14001 standards. The scope is not limited to environmental topics but also covers social and governance related topics. The Manual adopts the Plan-Do-Check-Act approach to identify and track progress on the most material KPIs, which shall ensure the Group is demonstrating improvement.



3.2 Corporate Governance

The Group adopts a zero tolerance policy on bribery, extortion, fraud, money laundering and all other violations of professional ethics. The Group requires all employees to comply with anti-corruption laws and regulations in the country and regions in which it operates. To ensure that all businesses operate with a high standard of ethics, transparency, accountability and integrity, the Group has established procedures for reporting, investigating and handling suspected corruption cases to avoid any corruption-related misconduct.

- The Group's Anti-corruption Compliance Policy and Code of Conduct ensures that employees understand and follow relevant requirements and are not allowed to participate in any political contribution, bribery or fraud activities;
- Adopt a zero tolerance approach for any bribery or corruption activity, and do not allow employees to claim, offer or accept benefits on behalf of the Group, from customers, suppliers or any person with whom the Group has business dealings;
- As stipulated in the Group's Anti Money Laundering Policy, comply with regulatory and reporting requirements related to money transactions and do not allow employees to conduct money laundering activities in any manner, including forging documents or providing false accounts, receipts or invoices;
- The Remuneration Committee of the Group reviews and approves the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- Provide anti-corruption training to employees on a regular basis to ensure they are aware of relevant codes;
- Through the Group's Whistle Blowing channel, any person may file a report by real name or anonymously, and the Group will keep the identity of the person reporting as confidential;
- Record, evaluate and investigate all reported cases and arrange for investigations by audit and supervision department with appropriate qualifications and no previous involvement in reported incidents;
- The audit and supervision department reports the findings, actions taken, and recommended follow-up actions to the audit and Audit Committee.

4. Sustainable Places

The Group adheres to applicable environmental laws, regulations and industry norms to support “green development and operation”, uses flexible modern operation modes and advanced equipment to improve the efficiency of operational resource utilization, promotes green buildings, and ensures the coordinated development of business and ecology. Work guidelines, monitoring mechanisms and specific measures covering three major areas, which are emissions, resource use, and environmental and natural resources, are required to be established for each business in accordance with the Group's environmental management policy to reduce the negative impact of operations on the environment.

4.1 ESG approach for Development Projects

Development projects refer to new construction and/or major renovation projects. Wang On Properties Limited integrates ESG values both in the acquisition and construction phases to pursue maximal positive impact.

Acquisition phase

The Group embeds sustainable site selection and environmental and social risk assessments in its due diligence process for new acquisitions. The main purpose is to provide senior management and the Board with a comprehensive understanding of any significant risk exposure and the steps recommended to manage and monitor the risks.

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
- Redevelopment of brownfield sites i.e. areas that have become vacant, derelict or contaminated and need preparatory regenerative work before any new development

The Group ensures its due diligence process for new acquisitions conducts technical assessments, if deemed material, for the following potential risks at the minimum:

- Compliance with regulatory requirements
- Contaminated land – any potential risk based on previous land use
- Building safety – any potential risk based on building age
- Energy supply and efficiency – any potential risk of unsafe and/or inefficient energy systems based on building age and maintenance

- Water supply and efficiency - any potential risk of unsafe and/or inefficient water systems based on building age and maintenance
- Natural hazards – any potential risk based on historical flooding, typhoons, landslide events (including projected greater intensity and frequency for worst-case climate scenarios)

Construction phase

The Group is committed to integrating ESG values into our projects under construction and renovation by having a strategy in place to mitigate negative impact and advance positive impact among our contractors. In our Contractor ESG Assessment process, we stipulate our minimum requirements, as well as give preference to those that go beyond regulatory compliance. The Contractors are monitored according to their ESG commitments pledged. (See Section 5.5 Supply Chain Management).

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

- Monitor compliance with applicable laws and regulations, including environmental site assessments
- Acquire green building certifications (minimum BEAM Plus Bronze) to the furthest extent possible, where feasible
- Undertake energy modelling for all new assets to assess opportunities for reducing energy demand and overheating prevention
- Regularly review the Group’s Engineering Standards to consider the impact of more stringent energy efficiency design requirements to develop resilience for transitional climate risk
- Monitor the on-site performance of energy and water consumption, as well as associated carbon emissions
- Manage waste by diverting construction and demolition materials and reusable vegetation from disposal
- Monitor and improve the on-site health and safety condition and on-site environmental quality
- To the extent practicable, mitigate adverse environmental impacts by minimizing and monitoring associated land, water, air, noise and light pollution
- Develop and implement risk mitigation plan regarding nuisance and/or disruption risks to surrounding community of the construction site
- Prioritise the procurement of sustainable building materials (e.g. low-carbon, locally extracted or recovered, high recycled content, low VOC, and/or other health-conscious certified material and equipment) where feasible and assess the supply chain
- Introduce renewable energy generation capacity in project design, where feasible
- 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
- In the near future, develop Climate Resilience Design Guidelines for greater intensity and frequency of typhoons and floods

4.2 ESG approach for Standing Investments

The Group actively reduces the environmental impact of its property management operations of acquired assets by improving the efficiency of resource use. The Group shall establish a data collection system to monitor the consumption of resources including GHG, energy, water and waste, to regularly review the consumption of resources, and to formulate internal reporting rules. If abnormal usage is found, the Group will conduct investigations and take appropriate actions. A resource management system that regulates energy management at all aspects of operations, including regular review of energy and water use and development of specific savings measures, is required to be established for each business.

Energy

- Introduce advanced equipment to improve energy efficiency;
- Install energy efficient lighting systems;
- Actively encourage tenants to implement energy conservation measures;
- Review energy use of each asset regularly and develop targets and specific measures to improve energy efficiency.

Water use

- Introduce equipment with high water-saving performance to improve the efficiency of water use;
- Review water use of each asset regularly and develop targets and specific measures to improve water efficiency.

Waste management

- Develop and implement a waste management system based on waste reduction at source;
- Manage waste by adopting the "5R" principle ("Replace", "Reducing", "Reuse", "Recycle" and "Repeat");
- Review the amount of generation and recycle of hazardous and non-hazardous wastes on a regular basis and set targets for reducing waste generation.

Carbon emissions

- Develop an internal greenhouse gas emissions management program that regulates each asset to assess greenhouse gas emissions with internationally recognized standards or equivalent local standards to establish a greenhouse gas emissions information repository;
- Set appropriate carbon reduction targets based on energy reduction capacity.

5. Thriving People

The Group is committed to going above and beyond applicable laws and regulations and devotes its efforts to contribute the prosperity of all employees, clientele, supply chain and the local community.

5.1 Employment

The Group values the overall development of its employees. Through the following measures, the Group strives to create an employment and training system that is competitive in the market and protects employees' rights, and builds a workplace of happiness, peace of mind and diversity, allowing employees to fully realize their selfworth.

Employment system

- Comply with all local employment laws in the regions where it operates and protect both employers and employees through employment contracts;
- Develop an attendance management system based on statutory working hours;
- Arrange working hours and rest days according to the Employment Ordinance, and negotiate with employees in case of overtime work and provide compensatory leave or overtime allowance according to law;
- Provide employees with wages and benefits that are more favourable than those provided under regulations;
- Care for employee well-being and promote work-life balance.

Promotion

- Provide employees with a comprehensive promotion ladder and broad career development space;
- Implement a performance management system and a staff reward and punishment system to encourage employees to make continuous progress.

Diversity and equal opportunities

- Provide equal opportunities for employees, including but not limited to recruitment, promotion and transfer, assignments, incentives and benefits, training and development, interdiction, etc.;

- Establish a diverse team that respects individual differences and regard it as the driving force behind the Group's development;
- Recruit people with disabilities and promote a culture of integration.
- Monitor and disclose diversity metrics on the annual ESG report

Anti-discrimination

- Adhere to the principle of equal opportunity in all employment matters and ensure that employees are respected;
- Do not treat employees differently on the ground of gender, disability, pregnancy, family status, race, color, religion, age, sexual orientation, nationality, union membership, or other conditions;
- Develop reporting mechanisms for discrimination or harassment in the workplace and ensure that all reports are handled fairly.

Communication mechanism

- Conduct employee satisfaction survey every year (or at least once every three years) and develop action plan that strives to improve the Net Promoter Score year-on-year.
- Establish a diversified communication mechanism to ensure that employees can express their opinions and make complaints independently and honestly;
- Regularly review the effectiveness of the communication mechanism to ensure its effectiveness.

5.2 Health and safety

The Group is committed to protecting the health and safety of its employees, preventing accidents and eradicating serious accidents, avoiding prosecutions and continuously reducing the rate of accidents at workplace, minimizing safety crisis and adopting the following preventive and control measures:

- Identify potential health and safety risks in the workplace and establish a safety management system to ensure that all operational aspects are in compliance with legal requirements in relation to occupational health;
- Target zero work injuries and continuously improve occupational health and safety;
- Provide adequate protective equipment and devices for employees;

- Improve the health and safety awareness of employees through education and training;
- Develop safety incident notification and handling mechanisms to reduce and manage the impact and risks of accidents;
- Formulate emergency plans for safety incidents and arrange regular drills to assess the effectiveness of the plans.

5.3 Development and training

The Group emphasizes the development and nurturing of talents to support business development, fully supports employees' lifelong learning and self-improvement, and provides employees with comprehensive training and development plans with innovative attitudes, and strives to establish a complete and multi-channel talent development ladder.

Provide systematic on-the-job and after-work trainings to enable employees to develop their personal potential;

- Make appropriate use of online learning and various knowledge sharing channels to reach out to more employees and achieve maximum learning outcomes;
- Regularly develop new courses for employees and business needs to support current and future business development needs;
- Regularly assess employee performance, encourage employee to make progress and enhance team competitiveness;
- Promote training on transformation, innovation and ESG to train employees in different positions to face unknown challenges.

5.4 Labor standards

The Group respects human rights and does not allow employment or use of child labor or forced labor in any part of the business, and requires employees and business partners to comply with appropriate preventive and remedial measures:

Child labor

- Verify the age of the job seeker during the recruitment process to ensure that all employed staff have reached the local legal minimum working age;

- Immediately terminate the contract if any child labor is found to be accidentally recruited, and send the child back to the place where his/her guardian is located as soon as possible and bear all expenses incurred in the process.

Forced labor

- Do not directly participate in or indirectly support any form of forced labor and ensure that every employee work on their voluntary wishes;
- Do not collect deposits or detain the identity documents from newly recruited and serving staff;
- Respect the personal lifestyle of employees outside of work and ensure that they are free to leave work and dormitory areas during their spare time;
- Ensure that employees can leave the job according to the requirements of their employment contract.

5.5 Supply chain management

Suppliers and subcontractors play an important role in the project construction of the Group. The Group requires suppliers to abide by business ethics, perform corporate social responsibility and work closely with suppliers and sub-contractors; and maintains communication with business partners to ensure that they meet the Group's requirements for quality, environmental and safety standards, and jointly construct a supply chain that targets sustainable development with the Group. All suppliers must confirm the following principles:

- Abide by strong business ethics and pursue the highest standards of business ethics and integrity in business operations;
- Comply with relevant labor laws and regulations to protect the legitimate rights and interests of employees;
- Do not treat employees differently on the ground of gender, disability, pregnancy, family status, race, color, religion, age, sexual orientation, nationality, union membership, or other reasons;
- Respect basic labor rights protection principles, including internationally recognized basic labor rights principles;
- Refuse to provide or accept any bribes and other improper benefits;

- Maintain fair trade and competition.

To ensure the effectiveness of supply chain management, the Group

- Assesses the performance of supply chain in environmental protection and caring for the society and establishes relevant risk management mechanisms through ESG Assessment and Monitoring forms of contractors and property managers;
- Develop a contractor safety action plan to strive to maintain an annual development project portfolio-wide injury rate of below 2 cases per 100 workers;
- Establishes a grievance mechanism and ensures that all cases are handled in a timely and fair manner.

5.6 Product liability

The Group honours contracts and ensures quality, continuously reviews and perfects its quality management system, enhances the construction procedures, quality requirements and manners of quality management of its products and services, and provides customers with quality and safe products and services. The Group also ensures the health and safety of its customers, maintains communication with external stakeholders through constant and accurate release of news, and is committed to protecting personal data of customers, job seekers and employees.

Health and safety

- Establish a safety management system and implement standardized management to ensure that each work process meets safety standards;
- Conduct risk analysis to identify and avoid potential risks of construction investment projects;
- Establish safety performance indicators and incorporate them into the performance appraisal of the responsible person in the operating area.

Communication

- Employees must provide complete, correct, sufficient and timely information, including promotional publications and product labels, to external stakeholders, including investors, customers and partner institutions;

- Regulate that any promotional publications and product labels must be approved by the Group's president's office;
- Develop a remedial mechanism; if the publications and labels are found to be inaccurate or misleading, they should be amended and replaced as soon as possible by specialized staff to protect the rights and interests of consumers;
- Conduct tenant satisfaction surveys for Standing Investments at minimum every 3 years, and maximise its distribution coverage. Implement action plan to improve tenant satisfaction score.
- Distribute Tenant ESG Guide and develop tenant ESG engagement programs

Privacy

The Group respects the personal data of customers, job seekers and employees and is committed to protecting customers and any personal data relating to employment and ensuring that information is collected, held, used and processed in a legal and prudent manner. Regular cybersecurity training is provided to relevant personnel.

- The marketing department and human resources department of the Group are responsible for the management of personal data of customers and employees, including monitoring the implementation of file management by specialized staff and regularly reviewing the effectiveness of the measures and proposing improvement plans;
- Provide specific guidance and training to employees to ensure they understand and comply with relevant regulations and internal controls.

Intellectual property

- The Group's End User Computing Policy respects intellectual property rights and prohibits the use of copyrighted software in our business in the absence of any license;
- Provide information management personnel with relevant training on the use of genuine software to ensure that genuine software are used for all operations;
- In the process of cooperation with an external institution, stipulate in contract clauses that there shall be no infringement of the products and services provided by the institution;
- Protect the intellectual property of partners and comply with the confidentiality agreement and licensing system (if applicable) agreed upon by both parties.

5.8 Community

As an enterprise with diversified business, the Group believes that its expertise, skills and work experience can contribute to the communities in which it operates. The Group continuously strengthens its ties with the community and understands the needs of residents, and is committed to supporting people's livelihood infrastructure, health and public welfare poverty alleviation through, including but not limited to, volunteer services, cooperation with other groups, sponsorship and donations, so as to bring positive impacts for the community in which it operates and the whole society.

- Develop own knowledge and skills, participate in construction in relation to improvement of people's livelihood, and provide medical assistance;
- Promote education, support programmes to enhance the quality of education and provide more educational channels, including environmental education promotion activities;
- Support innovation and encourage the use of new technologies in business to drive industry growth;
- Organize corporate volunteer groups and encourage employees to participate in community service works;
- Collaborate with agencies such as government, enterprises or non-governmental organisations and enhance synergies through mutual use of resources, knowledge and skills

6. Implementation and revision

To ensure the effective implementation of this policy, the Board of Directors of the Group to monitor the implementation of this policy and to ensure continuous communication with employees on this policy. The Board of Directors of the Group shall review this policy at least annually based on factors such as business changes, regulatory requirements, outcome of stakeholder participation and the effectiveness of environmental and social governance measures. Any revision to this policy must be approved by the ESG Committee of the Group. All employees and related stakeholders should be notified of such change in writing.

*** END ***

Updated on 22 March 2022