

CLIMATE RISK MANAGEMENT

Our Risk Management Process



Our risk management process is based on the globally accepted framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Our risks are identified based on location, property type, and the UN climate change agenda. The risks were assessed against several criteria including regulatory requirements, investor expectations, and market landscape.

After prioritizing these risks based on their severity and likelihood, we developed a risk management plan to protect our assets against the risks that we are already exposed to.

Finally, we identified risk controls to be used to monitor our risk exposure in the coming years. These controls will be reviewed and reassessed annually.

Risk Appetite

We will not be investing in any entity that is exposed to, associated with, and/or involved in any of the following:

- Extraction, storage, production, or transport of fossil fuels;
- Child and forced/compulsory labor;
- Any illegal activities;
- Any activities that do not support our environmental and social commitments;
- Any activities negatively affecting biodiversity;
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons).

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Our Transition Risks

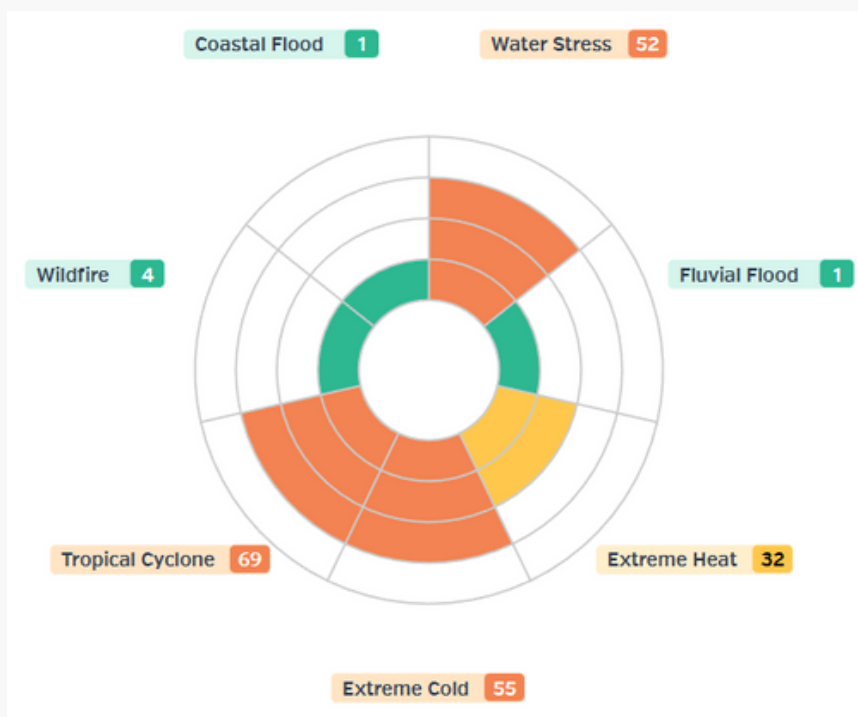
Risks	Risk Exposure
Policy and Legal Risk	<ul style="list-style-type: none">Increasing price of GHG emissionsEnhancing emission-reporting obligationsMandates on regulation of existing products and services
Technology Risk	<ul style="list-style-type: none">Substitution of existing products and services with lower emissionsCost to transition to lower emissions technology
Market Risk	<ul style="list-style-type: none">Changing customer behaviorIncreased cost of raw materials

Our Physical Risks*

With the help of Measurabl, we conducted a physical climate risk assessment for some of our assets. This assessment helped us to identify potential risks and vulnerabilities that our assets may face in the coming years and the severity of our exposure. Based on the assessment, we are moderately exposed to water stress, tropical cyclone, and extreme cold.

Our next step is to develop a comprehensive plan to reduce our risk exposure. This plan will involve identifying and implementing strategies to protect our assets from environmental hazards and climate risks.

We will use this assessment to identify opportunities for efficiency and resilience in our operations.



**Our physical climate risk assessment is conducted on selected core and core+ assets in Hong Kong, Taiwan, and Singapore.*