
LINK ASSET MANAGEMENT LIMITED

(Manager of LINK REIT)

Responsible Property Investment Policy

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1. Objectives

- 1.1 Link is currently Asia's largest REIT and one of the world's largest retail-focused REITs in terms of market capitalisation. We acquire, enhance, develop and re-develop, divest and manage commercial properties, with a focus on offices, car parks and retails in Hong Kong and Mainland China.
- 1.2 The objectives of this policy are to:
 - 1.2.1 Define Link's RPI Strategy, specifically to incorporate the six Principles of the UN-PRI;
 - 1.2.2 Outline Link's approach to RPI, as several factors regarding the environmental performance of buildings have in recent times come under increased scrutiny;
 - 1.2.3 Incorporate key principles regarding environmental stewardship, social responsibility, corporate governance, engagements and continuous improvement and innovation into our investment process.
- 1.3 This policy describes Link's stance and approaches towards RPI through ESG issues.

2. Abbreviations

<u>Abbreviation</u>	<u>Full Description</u>
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DJSI	The Dow Jones Sustainability Indices
ESG	Environmental, Social and Governance
GRESB	The Global Real Estate Sustainability Benchmark
HKQAA	Hong Kong Quality Assurance Agency
KPI	Key Performance Indicator(s)
MSCI	Modern Index Strategy Indexes
REIT	Real Estate Investment Trust
RPI	Responsible Property Investment
SWG	Sustainability Working Group
UN-PRI	The United Nations-supported Principles for Responsible Investment
VMV	Vision, Mission and Values

3. General Policy

Our vision is “to be a world-class real estate investor and manager, serving and improving the lives of those around us”. Our sustainability determination reflects this, and we aim to be a leader in sustainability in Asia listed in the real estate sector. Consequently, we recognise that our approach to acquisition and divestment needs to support our broadening of sustainability commitments.

We recognise that as a real estate investor and manager, we have a fiduciary duty to our stakeholders, to ensure that their investment results in holistic returns.

3.1 Developing Link’s RPI Strategy

3.1.1 As a UN-PRI signatory, we recognise that applying the six Principles may better align investors with broader objectives to the society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following six Principles:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making process.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosures on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

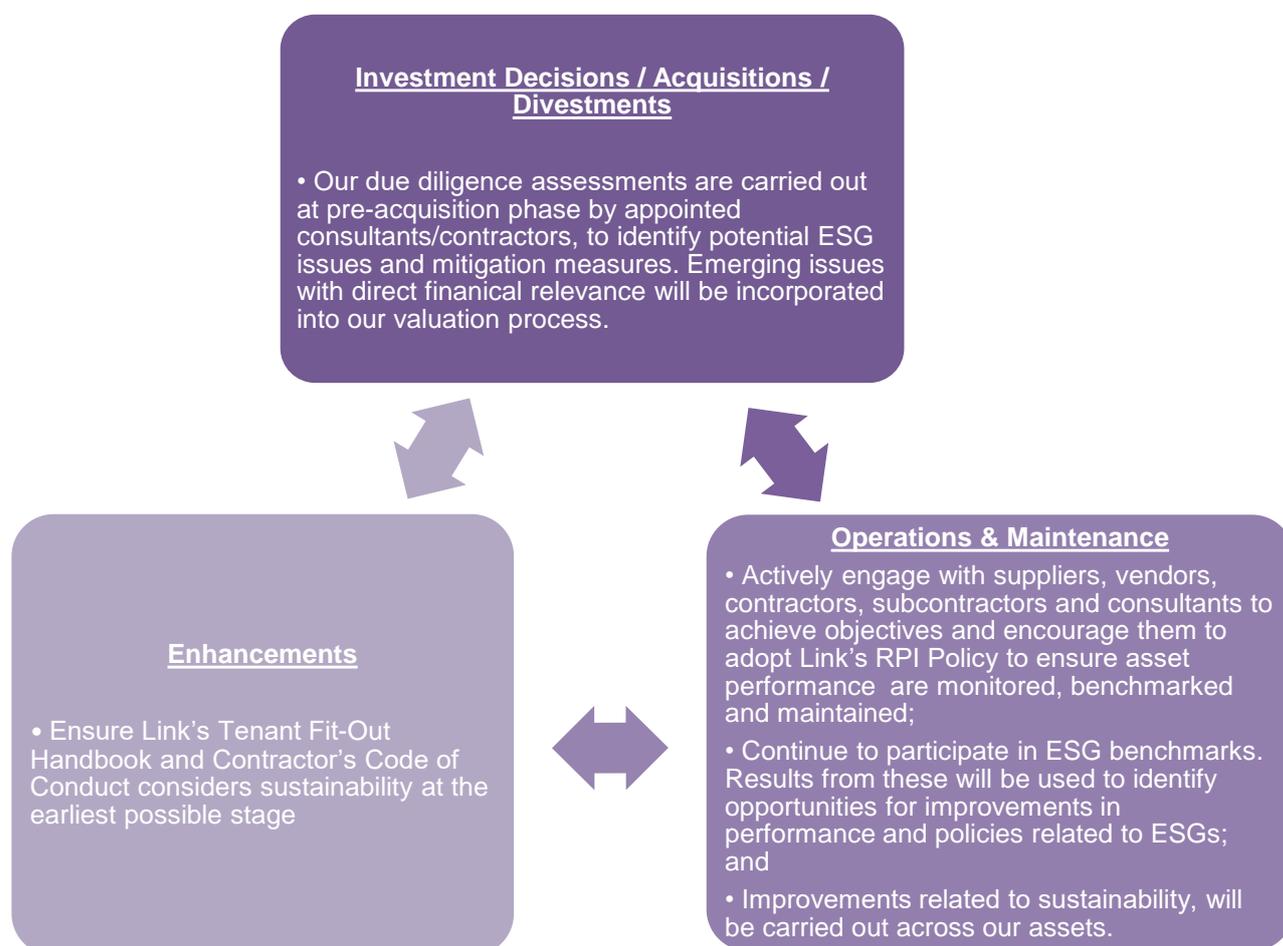
3.1.2 To manage associated risks and opportunities, which can have a material impact on long-term risk and return results, we believe that ESG issues are imperative drivers of the responsible investment approach and investment values.

3.2 Link’s Approach to RPI

3.2.1 Several factors regarding the environmental performance of properties have come under increased scrutiny (such as increased legislation governing performance standards for buildings/properties, increased taxation on climate change emission and the generation of waste) and have caused concerns for some stakeholders.

3.2.2 Subsequently, Link believes that sustainable qualifications of buildings will play a more prominent role in the consideration of the long-term obsolescence and investment performance of the property.

3.2.3 Our strategy focuses on integrating ESG considerations, in the investment process from pre-acquisition and divestment (see diagram below). This will allow us to better evaluate the future value and minimise the risk to our portfolios.



3.3 Link’s RPI Policy

3.3.1 Link’s RPI strategy, as outlined in Section 3.1, is applicable to all its discretionary managed property portfolios.

3.3.2 Ensure all Link’s employees are aware of and comply with Link’s RPI Policy.

3.3.3 Information regarding RPI will be updated on our sustainability website, as needed.

3.3.4 As outlined in Section 1.2.3, our RPI Policy will focus on five key areas, where future details are outlined in Sections 3.3.5 – 3.3.10:

- Environmental Stewardship;
- Social Responsibility;

- Corporate Governance;
- Engagements; and
- Continuous Improvement and Innovation

3.3.5 Environmental Stewardship

3.3.5.1 We understand that our properties and daily operations have a potential impact on the environment and recognise our role to play in minimising our consumptions and natural resources. To validate our commitment to improving the environmental performance of our assets, we have set out the following objectives.

Investment Decisions / Acquisitions / Divestments

- Due diligence from Link's appointed consultants/contractors will undertake a formal environmental risk assessment on potential investments (including flood risk, asbestos, ground contamination and pollutions, etc.);
- Potential ESG issues and mitigation measures will be incorporated into Link's evaluation criteria when acquiring, divesting or operating properties;
- RPI strategies will be integrated, but not at the expense of long-standing stakeholder financial performance; and
- Ensure our properties, where practicable, meet green buildings standard and maintain green certifications that are locally or internationally recognised.

Operations & Maintenance

- Define and implement best industry practices (priority on minimal cost) to improve energy efficiency, water conservation and waste management for all operating assets to promote sustainable practices. In properties that we manage, we will strive to:
 - Reduce energy consumption and use of renewable energy, where possible;
 - Reduce the amount of waste being sent to landfill and recycle, whenever possible;
 - Reduce water consumption and use recycled water and plant drought-resistant flora, and install water-efficient fittings and fixtures where possible; and
 - Encourage green travel plans to our staffs and the communities we serve in.
- Collect and manage environmental data and continue to track progress and improvements; and
- Collaborate with tenants to encourage data and knowledge sharing.

Enhancements

- Sustainability credentials of potential contractors and subcontractors will be reviewed, to determine whether they are in line with Link's VMV, Contractor Code of Conduct and Value Creation Model;
- Strive to attain best practice on environmental standards such as energy efficiency standards and indoor air quality, and comply with local regulations and standards such as Hong Kong's Electrical and Mechanical Services Department and international standards;
- The sustainable materials will be used whenever possible and materials with potentially hazardous effects will be prohibited for all construction and operational phase; and
- Minimise the risk of pollution or contamination deriving from renovation activities.

3.3.6 Social Responsibility

3.3.6.1 Our properties are extensions of the living rooms of the people living in the communities around us.

3.3.6.2 We believe we should play a critical role in creating a positive impact in the communities we operate in; therefore, we commit to the following:

- Review the sustainability credentials of potential contractors and determine whether they are in line with Link's principles;
- Provide and support regular training and development for our staff; and
- Promote a safe, health and wellbeing buildings, which supports productivity and positive customer experience to our stakeholders.

3.3.7 Corporate Governance

3.3.7.1 Complying with local and international regulations and legislation concerning sustainability, and internal policies, are critical to us, and the properties we manage and in the countries in which Link operates.

3.3.7.2 A relative cost-benefit led approach will be used when deciding upon policies that Link should adhere to. This process ensures Link will consider the relationship between the financial cost of any investment or activity and its evaluation of ESG rewards.

3.3.7.3 We believe that a sound understanding of local and international regulations and legislation, a comprehensive set of policies and responsible risk management, to ensure we uphold the commitments we make to our stakeholders and have therefore committed to the following:

- Ensure that Link is compliant with applicable ESG regulations and policies;
- Ensure Link's Tenant Fit-Out Handbook and Contractor's Code of Conduct consider sustainability at the earliest possible stage;
- Ensure all assets under our management, potential investments and stakeholders adheres to Link's internal policies such as Human Rights policy, Code of Conduct and Escalation Policy and Procedures for Compliance Expectations;
- Changes in regulations and legislation will be monitored to adopt and implement;
- Regular health and safety inspection will be conducted in accordance with current legislation and Link's Occupational Health and Safety;
- Evaluate obtaining certifications applicable for each property type and its location prior to enhancement to accelerate the approval process and enhance our properties' competitive position, in order to maximise occupancy, rents and tenant quality;
- Continue to participate in ESG benchmarks, i.e. GRESB, DJSI, HKQAA and MSCI. Results from these will be used to identify opportunities for improvements in performance and policies related to ESGs; and
- Actively engage with suppliers, vendors, contractors, subcontractors and consultants to achieve objectives and encourage them to adopt Link's RPI Policy to ensure asset performance is monitored, benchmarked and maintained.

3.3.7.4 We will consider our portfolios in the context of best market practices and Link's peer groups, to safeguard against devaluation and obsolescence risks.

3.3.8 Engagements

3.3.8.1 Understanding the expectations of our different stakeholders helps us develop our strategy and respond effectively and fine-tune our business model. It also helps us create awareness about sustainability issues and ensure our goals are reached;

3.3.8.2 Actively promote socio-economic, community and environmental opportunities relevant to each of our portfolios;

3.3.8.3 Through Link's annual stakeholder engagement – CONNECTION, we will communicate effectively the aims of our RPI strategy, objectives and performance to gather feedback and make amendments as necessary. This will fulfil our brand promise of how "We Link People to a Brighter Future", together; and

3.3.8.4 By actively engaging with our stakeholders, as well as our peers in the market, we can encourage the implementation and consideration of sustainability values within business practice. Therefore, we commit to the following:

Tenant Engagement

- As our tenants are our strategic partners in delivering a desirable shopping environment to our shoppers, we actively engage our tenants through Link's Tenant Academy and will continue to create environments that inspire success to increase value for our tenants;
- Promote dialogue and raise awareness among all our tenants with respect to energy, water and waste consumption and actively encourage them to join "The Hong Kong Green Shop Alliance"; and
- Where possible, include a Memorandum of Understanding or a green clause in leases to encourage data sharing and collaboration to improve sustainability.

Stakeholder Engagement

- Encourage all our suppliers, contractors, subcontractors and service providers to apply sustainability principles comply with Link's Supplier Policy, Sustainability Policy, Contractor's Code of Conduct and Occupational Health and Safety Policy, as part of their responsibility and commitment to Link and when necessary take appropriate actions when these principles/policies are not being adopted to satisfactory standards;
- To reduce environmental impacts of our assets and identify environment performance opportunities, our tenants, employees and suppliers, contractors, subcontractors and vendors are encouraged to follow The Hong Kong Green Building Council's Green Tenancy Driver for Office Buildings, the Hong Kong Green Shop Guide and Managing Agents Sustainability Toolkit by Better Buildings Partnership, and all the sustainability area it covered;
- Link's sustainability and ESG benchmark performance information where applicable will be implemented into marketing materials and dialogues with tenants and buyers, where applicable; and
- The level of commitment to the sustainability of potential investment partners will be examined. Engaging in dialogues with potential investment partners when they are not aligned with Link's Sustainability policies.

Industry Engagement

- Continue to engage with the wider industry and our peers, in promoting sustainability as a conventional concern of investment performance by contributing to and attending relevant working groups and industry events both locally and internationally.

3.3.9 Continuous Improvement and Innovation

3.3.9.1 We will continue to strive towards being a “world-class real estate investor and manager”; hence implementing best practices in our daily operations and where we operate in, with regular reviews of our objectives and targets are critical.

3.3.9.2 To fulfil our VMV, we have set the following objectives to achieve ongoing enhancements:

- Conduct regular reviews on ESG performance of Link’s assets to determine whether our targets are being reached;
- Continuously find ways to reduce operating expenses and consequently, increase property value;
- Establish a culture that drives and encourages innovation; and
- Actively engage with local start-ups for partnerships.

4. Implementation and Review

- 4.1 The RPI Policy applies to all our investment and asset management activities.
- 4.2 All staff and external consultants must comply with the RPI Policy.
- 4.3 Link will enact this policy by implementing procedures and ensure the RPI Policy is up to date with the ever-changing market, best practice and the benefit of experience.
- 4.4 Suggestions, issues and concerns raised by Link's stakeholder concerns on Link's RPI Policy will be reported to the management team and conveyed back to the Corporate Development & Strategy and Investment department. Further amendments will be made as necessary.
- 4.5 This policy should be enforced into Link's practices and the responsibility to review the policy lies with the Corporate Development & Strategy department.
- 4.6 All respective budget controls are included in Link's annual budgets of relevant parties.
- 4.7 KPIs and status updates relating to each commitment identified in this policy will be reported to meetings of the SWG when needed. In addition, updated information will be placed on Link's sustainability website.
- 4.8 The RPI Policy will be regularly reviewed considering legislation and organisational changes and developments in sustainability best practices, or at a minimum, every three (3) years.